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WORLD COTTON PROSPECTS

Summary

Small cotton crops in foreign countries and low stocks of American cotton abroad were largely responsible for the increase in exports of cotton from the United States in December, according to the Bureau of Agricultural Economics. In most years exports decline in December, but there have been exceptional years, such as 1926-27, when the low priced crop moved to market rather late and at a time when foreign demand was increasing. So far this season there is little evidence of an improvement in European demand, but stocks in Europe are low and Japan and China have been taking very large quantities of American cotton. Exports from the United States in December totaled 1,181,000 bales, an increase of 54 per cent over exports in December 1930. This brings the total for the season to the end of December to 89,000 bales more than in the corresponding period last season. Exports of Egyptian cotton from Alexandria have likewise been larger this season than last, but from August 1 to January 7 exports from India were about 46 per cent less than in 1930-31.

Domestic cotton consumption in December was about 10,000 bales more than in December, 1930, and, although 12,000 bales below November, showed considerably less than the average decline from November to December. Sales and shipments of cotton cloth in the United States during December were less than production resulting in increased stocks and lower unfilled orders. This made three successive months in which stocks have increased. As compared with a year earlier, however, this section of the domestic cotton industry is in a considerably better statistical position since both sales and shipments

during the calendar year were in excess of production. In mid-January, yarn and cloth demand in Great Britain was reported as improving, but during the previous five or six weeks British manufactures had been losing ground. Sales of textile, however, were still much below those during the period immediately following the abandonment of the gold standard. In Continental Europe it is thought that the cotton textile industry as a whole is in a fairly satisfactory statistical position in regard to stocks of goods on hand. France, where stocks are reported to be 20 to 40 per cent more than a year ago and unfilled orders 30 to 40 per cent lower, is the only outstanding exception. Yarn and cloth sales in Italy have been mostly above production since the middle of 1931 and unfilled orders have been rising slightly since the spring of 1931. On the Continent the outlook for the cotton textile industry is largely dependent upon the political, financial and related factors. In the Orient cotton textile activity continues at a rather satisfactory level. The Japanese are feeling the effects of the Chinese boycott, but this has brought increased operations in the Chinese mills.

Cotton prices in domestic marketsduring the six weeks ended December 18, advanced about three-fourths cent per pound and on January 18 was 1.47 cents per pound above the low point for the season, but by January 22 were 1.34 cents above. In foreign markets prices of American cotton when adjusted to a gold basis have shown somewhat similar changes. In comparison with prices of Indian and Chinese cotton, prices of American in foreign markets continue to become relatively cheaper.

Information obtained so far continues to point to production in foreign countries more than 1,000,000 bales less than in 1930-31. A recent report from Russia shows the revised 1931-32 acreage about 9 per cent smaller than that previously reported. This Bureau has reduced its estimate of the 1931-32

Russian cotton crop from 2,000,000 bales to 1,900,000 bales. Ginnings of Egyptian cotton up to January 1 were 8 per cent below ginnings to the same date last season and receipts at Alexandria from August 1 to January 13 were 8 per cent larger than in 1930-31. Since the crop is estimated at 18 per cent less than last season these ginnings and receipts figures indicate that the cotton is being ginned faster or earlier than last season or the estimated production is too small. In India receipts at Bombay up to January 14 were less than half of those for the same period in 1930-31 which tends to confirm the belief that the crop this season will be much smaller.

Prices

Spots

During the past five or six weeks cotton prices in domestic markets have displayed considerable strength and on January 18 the average of Middling 7/8 in the 10 spot markets was 6.36 cents per pound or 0.45 cents above the price one month earlier and 0.79 cents above the quotation six weeks earlier. As compared with the low point of the season the price on January 18 was 1.47 cents per pound higher. The price in these markets on January 19 last year was 9.22 cents. In Liverpool, prices of American cotton on a gold basis have advanced about in line with the changes in domestic markets.

A comparison of the prices of American and Indian cotton at Liverpool shows that Indian continues to become more expensive relative to American. On January 8 the average price of three types of Indian cotton averaged 94.6 per cent as much as the average of American Middling and Low Middling, whereas on December 11 they averaged 92.6 per cent. About the middle of January the average of four important types of Indian cotton at Bremen, Germany, averaged 106 per cent of the price of American Middling compared with 101 one month earlier, 81 in January 1931, and 96 in January 1927. In Japan and China American cotton continues to remain cheap relative to the prices of competing growths. Chinese cotton in Shanghai is selling for practically the same price as American which is generally considered much more desirable, consequently millers are showing little interest in native cotton.

Stocks and Movements

Apparent supply of American cotton in the United States

On January 1 the apparent supply of American cotton remaining in the United States for the remainder of the season was 17,003,000 bales. This compares with 12,682,000 bales a year earlier and with 13,815,000 bales at the same time in the 1926-27 season, the previous record supply for this time of the year. The decrease in the United States supply during December this

season amounted to about 431,000 bales more than during December, 1930, the disappearance (consumption plus exports) of raw cotton from the United States totaling 1,587,000 and 1,156,000 bales respectively during the two months. The total disappearance of American cotton so far this season has amounted to 6,177,000 bales whereas domestic consumption and exports for the first five months of last season amounted to 5,831,000 bales or 5 per cent less.

World visible supply

On January 15, 1932 the total visible supply of American cotton was 8,561,000 running bales, an increase of about 11 per cent over the 7,714,000 bales visible a year earlier, according to data contained in the Commercial and Financial Chronicle. The American cotton visible outside the United States, however, was 23 per cent less while that in the United States was about 22 per cent greater. In case of American cotton the above comparison of the supply of these two seasons is misleading, since there is an unusually large amount of American cotton at the present time which is not classed as visible. Foreign cotton visible on January 8 on the other hand, was 15 per cent less than a year earlier.

Exports of American cotton

Exports of American cotton during December amounted to 1,181,000 running bales compared with 765,000 running bales in December 1930 or an increase of 54 per cent according to reports of the Bureau of the Census. Total exports for the season August-December amounted to 4,035,000 bales which is 89,000 bales more than during the first five months last season. Comparing exports this season with those for the corresponding month a year ago, a relative increase is shown for each month since September. Recently exports to Great Britain have increased but Japan and China have been the outstanding takers of American cotton this season. Exports for the season to January 1 to Japan were 108 per cent or 515,000 bales larger than for the corresponding date last year; those to Great Britain were 21 per cent or 155,000 bales less; those to Germany 25 per cent or 284,000 bales less and those to France 75 per cent or 478,000 bales less but those to Italy 16 per cent or 45,000 bales more.

Exports of Egyptian cotton

From August 1 to January 6 total exports of cotton from Alexandria Egypt, amounted to 454,000 running bales, an increase of 60,000 bales or 15 per cent over the 1930-31 period, according to the Commercial and Financial Chronicle. It is interesting to note, however, that all of the increase over the previous season took place in August. Exports during the four weeks ended January 6 were practically the same as during the corresponding weeks of 1930-31. The Continent of Europe and India combined have taken practically the same amount of Egyptian cotton from August 1 to January 6 this season as in the like period of last season. Exports to Great Britain, however, have been about 53,000 bales or 40 per cent more than in 1930-31.

Exports of Indian cotton

In contrast to the slight increase in exports of American cotton so far this season as compared with last season and the 15 per cent increase in the movement of Egyptian, exports of cotton from India from August 1 to January 7 were about 46 per cent less than last season. These low export figures as well as the receipts at Bombay indicate that the crop this season is much smaller than in 1930-31. The Continent has taken about 60 per cent less Indian cotton this season, Great Britain 54 per cent less and Japan and China combined 36 per cent less. The export movement for recent weeks shows an even greater decline from the corresponding period of last year, and in the four weeks ended January 7, 1932 totaled only 38 per cent as much as last season.

Stocks in consuming establishments

Although domestic mills have been consuming since last June more cotton each month than during the corresponding month of the previous season, their stocks of raw cotton have been below a year earlier for several months but in November and December were not as much below as in previous months. At the end of December stocks at mills amounted to 1,631,000 bales compared with 1,656,000 bales a year earlier. In April 1931 they were 292,000 bales smaller than the corresponding period of 1930. When stocks of foreign cotton are excluded it appears that at the end of December domestic mills held larger stocks of American cotton than on December 31, 1930. Stocks of foreign cottons on December 31 were 44,024 bales less than twelve months earlier due to the fact that consumption has been running above imports. The tariff on long stable cotton has been a factor in this connection.

Stocks in public storage and at compresses

On December 31, 1931, there were 10,426,000 running bales of raw cotton in public storage and at compresses in the United States compared with 8,376,000 bales one year earlier. There was an even larger increase in the amount of American cotton in storage during this period.

Textile Situation

United States

Cotton consumption in the United States after adjustment for the normal seasonal trend showed a decline from July through November, but the index of consumption in November of 84 (1923-1925 = 100) was still 7 points

above the low of December 1930 and was 1 point above November, 1930. Consumption in December was 12,000 bales below the previous month, but this was considerably less than the average decline from November to December during the past five years of 49,000 bales. The 415,000 bales consumed in December, 1931, was about 10,000 bales more than December 1930 consumption and brought the total for the season to 2,196,000 bales. This was 186,000 bales or 9.3 per cent more than was consumed from August 1 to December 31, 1930. Since last June domestic mills have been consuming more cotton than during the same month of the previous season.

In the domestic cotton cloth industry production in December averaged 50.9 million yards per week which was 12.0 per cent below the rate of production maintained during November, but was 8.8 per cent above December 1930, according to reports of the Association of Cotton Textile Merchants of New York. Sales and shipments in December were also below November as is usually the case but they too were above December 1930 and were below production, resulting in an increase in stocks on hand and a decrease in unfilled orders during the month. For the calendar year 1931, however, both sales and shipments were substantially in excess of production and at the end of 1931 stocks were 20.3 per cent below a year earlier and unfilled orders 11.5 per cent above. This section of the domestic cotton industry is, therefore, in a considerably better statistical position than a year ago.

Great Britain

The cotton textile industry of Great Britain witnessed a substantial improvement following the abandonment of the gold standard in September and for several weeks sales were much above the greatly increased production. During the period from late November to early January, however, British manufacturers were losing ground, sales in most lines having been below production during this period and the spinners' margin decreasing. At mid-January yarn and cloth demand was again reported as improving. Larger cloth inquiries were reported from India and China and yarn turnover was slightly larger. The yarn margin on January 15 was still lower notwithstanding the improved demand conditions. The improvement in demand was said to have been in anticipation of higher yarn and cloth prices.

It has been expected that the recent conflict between the British and Indian political leaders in India would reduce the cloth demand from that important market. Some optimism exists concerning trade with China, which is Great Britain's second largest foreign market for cotton manufactures, in view of the continuation of the Chinese boycott of Japanese goods.

Apparently Great Britain has not received as much competition among her fine goods markets, for during the season up to about the middle of December forwardings of Egyptian and Sudan cotton to British spinners were about 67 per cent greater than in the same period the previous season, while forwardings of all other cotton were only 21 per cent greater. It seems likely that the coarse goods manufacturers are suffering more from the Indian boycott of British goods since the Indian mills which produce a larger proportion of coarse goods have been very active this season.

Continental Europe in 1931 1/

There have been nearly four years of virtually continuous recession in the continental cotton mill and textile trade activity. Falling prices, rising unemployment, declining wages and the semi-paralysis of economic activity resulting from the general credit crisis have reduced European consumption of raw cotton and cotton goods to a lower level than any since the years of the German inflation, (1922 and 1923) yet, statistically the cotton industry over the Continent as a whole seems to have reached firmer ground.

The new year opens with cotton textile production apparently adjusted on the whole to the current low rate of consumption. The stocks situation also seems well in hand. Cotton mill output is now running about 25 per cent below the level of the active year 1927-28 and around 17 per cent below the average of the past seven years. Mill stocks of finished and semi-finished goods have been worked down to moderate and even low levels in practically all important countries except France, where a reduction is now taking place. Reduced goods stocks in distributing channels have long been indicated by the trade's general policy of hand-to-mouth buying.

The key to the future trend of European cotton consumption clearly lies in the general economic situation. Conditions in the cotton industry and low prices of raw material have been conducive to revival for several months, but to date the steady downward drift in general business, the financial crisis and extreme political uncertainty have precluded any real turn for the better.

1/ Based largely on Agricultural Attache L. V. Steere's report of December 30, 1931 supplemented by cable on January 15, 1932.

Developments in European raw cotton and cotton textile markets in 1931 were largely under the influence of the heavy raw material supplies, the resultant decline in cotton prices, and the critical turn in world financial conditions. The stimulating influence of the war-debt moratorium and occasional upturns in prices were never effective in curbing bearish sentiment for any length of time. The revival of speculative optimism on all commodity markets in October led to considerable improvement in sales of yarn and goods in many party of the Continent, but political and financial difficulties subsequently assumed such proportions that the improvement was short lived. The political, financial, and related factors which have prevented revival in the cotton industry during 1931 -- the banking crisis, growing trade restrictions in the form of rising tariffs, import contingents and control of foreign exchange payments, the abandonment of the gold standard by Great Britain and other countries, and the unusual severity of the agricultural crisis in eastern Europe -- are still important factors. Upon them hinge the return of confidence and improvement in the purchasing power of important consuming areas for European textile goods.

The movement of raw cotton prices was also a factor of some importance in influencing mill consumption and the movement of goods into distributing channels. Continued weakness has encouraged hand-to-mouth buying of both raw cotton and cotton manufactures. The movement of cotton prices will probably continue to affect trade buying. Consumer buying of cotton textiles, however, is probably more dependent upon conditions affecting purchasing power.

The position of American in relation to competitive cottons on the Continent

Although Indian cotton prices were somewhat higher during the 1930-31 season than in 1929-30, in relation to American, the share of Indian cotton in continental mill consumption was well maintained. Lower relative prices of Egyptian in 1930-31 resulted, however, in an increased share of Egyptian in continental mill consumption. During the current season, since Indian cotton has become much higher priced in relation to American, the proportion of Indian growths consumed is apparently decreasing. This would be in line with trade reports indicating that mill purchases of Indian cotton have been relatively small so far this year and export figures which show that exports of Indian cotton for this season up to January 7 were almost 60 per cent below last season, whereas, exports of American cotton to Continental Europe from August 1 to January 1 were about 40 per cent below the corresponding period last season.

Relative prices of Egyptian cotton are now only slightly above those of last year, and there has been a more stable mill consumption of this type on the Continent. As a result exports from Egypt to the Continent from September 1 to about December 23 were only 21 per cent below the same period in 1930.

Germany

Germany experienced a year of drastic curtailment in textile output in 1931. All hope for an improvement in the situation held at the beginning of the year was destroyed by the further break in raw cotton prices, and by the general economic and financial crisis after the middle of the year. A slight revival in mill sales of yarn and goods, accompanied by some increase in both spinning and weaving mill activity, was evident during the first half of the year, but this disappeared later in the year when the financial conditions became so severe.

In October, when commodity markets strengthened and active speculation was again observed, increased buying activity developed for yarns and goods, together with some seasonal increase in takings by wholesalers and retailers.

This was due chiefly to the sharp rise in raw cotton quotations, although a desire to obtain "real values" in a time of currency uncertainty also contributed toward increased buying of cotton yarn and goods at that time. This improvement, however, was not maintained in November and December, and the German public, despite past inflation experience, has shown remarkable discipline about unsound "mark-flight" purchases which sooner or later would have brought about a business breakdown.

The statistical position of the German cotton industry would favor increased activity in case of an improvement in general conditions since stocks of finished and semi-finished cotton goods at the mills and in distributing channels are low. Production seems to be well within the limits of the current low level of consumer demand although cloth mills in the last few months have been able to maintain a rate of activity noticeably above that of last year. This is of course favorable to the spinning industry.

Prices of cotton yarns and goods in Germany, except for a period in the spring, declined quite steadily up to the end of the year. The current level of prices would in case of an upturn in conditions favor the replenishment of stocks by wholesalers and retailers.

German imports of raw cotton have declined heavily in 1931, with net imports of all growths up to the end of November of 955,000 equivalent 478 pound bales as compared with 1,206,000 bales in the first eleven months of 1930, or a decrease of 21 per cent. Recently, however, cotton movement to Germany has improved. In October, November, and December, 1931, exports of American cotton to Germany were larger than during the corresponding months of 1930, and for the three months combined were about 11 per cent greater in 1931 than in 1930. Imports of cotton yarn and cotton goods were much smaller in 1931 than in 1930.

Czechoslovakia

The heavy dependence of the Czechoslovakian cotton industry on foreign markets and the extremely critical state of financial conditions and trade restrictions in markets surroundin Czechoslovakia, notably Germany, Austria and Hungary, have made the past year an extremely unsatisfactory one for the textile business, and render the outlook for 1932 uncertain. Much is contingent upon restoration of confidence and betterment of the general business situation in central and eastern Europe.

Czechoslovakian exports of yarn and cotton goods, in 1931, fell close to 30 per cent behind those of 1930 which were already considerably below previous years. Textile exports have been especially hampered by the tariff conflict with Hungary in effect since the termination of the Czechoslovak-Hungarian commercial treaty a year ago, and particularly since the financial crisis and the introduction of severe restrictions on foreign exchange in both Hungary and Austria during the last half of 1931.

Czechoslovakian imports of raw cotton of all kinds during the first 10 months of 1931 amounted to only 332,000 equivalent bales of 478 pounds as compared with 410,000 bales in the same months of last year, a decrease of 19 per cent.

Austria

In Austria the cotton textile industry passed through a very severe year in 1931 and the present conditions are discouraging chiefly because of the extremely weak position of Austria, economically, and the great uncertainty as to future financial developments.

The breakdown of the Austrian Creditanstalt in March, 1931, which is frequently regarded as having precipitated the European credit crisis, severely hampered the cotton textile industry. A number of mills are directly affected by the bank's liquidation, and have had and are still having difficulty in obtaining necessary credit elsewhere. The industry has reaped some temporary advantage from the restriction of imports resulting from the control of foreign exchange, but this appears to be more than off-set by the increased severity of the general crisis.

France

All branches of the French industry have been forced to curtail operations to a marked extent during 1931. Spinning mill activity has been reduced as much as 30 per cent in recent months as compared with last year, though cloth mill production has fallen only 10 to 20 per cent. Stocks of yarn and fabrics at the mills during the last half of 1931 have been reported to be 20 to 40 per cent higher than a year ago and unfilled orders 30 to 40 per cent under those on hand last year at this time. These developments have occurred in spite of the two month textile strike in northern France in the summer of 1931 which could not have been without effect on production. These conditions are not encouraging, particularly when it is considered that unemployment has been steadily rising in France, and that general economic activity both in France in its export markets is low.

It is also significant that the French cotton industry now finds itself in no position to maintain operations in order to retain skilled textile labor as has been a definite policy in the past. British competition is also much complained of recently, especially in fine counts. Competition from England in this class of goods seems likely to be felt increasingly, at least in export markets.

France was long an "island of prosperity" in a more or less universally depressed Europe, and its cotton textile industry - along with other industries- was able to maintain high levels of activity for many months after mills in other countries had been forced to reduce operations to a marked extent. For several months France has also encountered reduced orders and has had to contend with the problem of overproduction and excessive stocks. They are apparently decreasing production sufficiently now to reduce stocks. The decrease of 75 per cent in the exports of American cotton to France from August 1 to December 31, 1931 as compared with the same period in 1930 reflects both the depressed conditions of the industry in the latter part of 1931 and the relatively prosperous conditions a year earlier.

Italy

Though presenting a picture of deep depression during 1931, the Italian cotton textile industry has gradually worked back to a point where the statistical position is more favorable and increased activity has been reported.

Sharp curtailment of mill operations during the second half of 1930 and the first 9 months of 1931 has cleared stocks, improved the ratio of new orders to current production, and enabled a slight rise in operations and unfilled orders during the past several months. For some time, production in the spinning and weaving mills has been slightly above or level with last year, when it was 30 per cent below the year previous. Yarn and cloth sales have been mostly above current levels of output since the middle of the year. Mill stocks of goods and yarns have declined steadily since the fall of 1930, and unfilled orders have been rising slightly since the spring of 1931. Net imports of raw cotton, which were greatly below corresponding months of the previous year for a long time, have risen above last year's levels since the middle of 1931, though they are still greatly below corresponding months of the years 1927 to 1930.

These facts seem to indicate that certain adjustments have been made within the cotton industry, which, as far as conditions in the industry itself are concerned, have paved the way for a basic revival. None of the European countries seems so well prepared for a cotton mill recovery as Italy. But general economic developments and the possible after-effects of the Banca Commerciale difficulties still dominate the situation.

Belgium

The Belgian cotton textile industry witnessed a sharp drop in production in the past year. Stocks of yarn and cotton goods are now reported generally low in Belgium and some improvement in orders, though partly seasonal in character, has occurred recently, notwithstanding the fact that export business has been rendered difficult by the departure of England from the gold standard and higher tariffs in many countries.

The Netherlands

The cotton industry in the Netherlands has been relatively less affected than that of other countries by the business crisis in 1931, although a general textile strike has clouded the outlook as the year closed. Export outlets in the Dutch East Indies are an important factor in the stability of conditions in the Dutch industry. There is now the possibility of increased Japanese competition in this market as a result of Japan's recent abandonment of the gold standard.

Poland

The year 1931 was one of reduced operations and extensive financial difficulties in the Polish cotton industry. Efforts to stabilize conditions by re-organization of the spinner cartel were not fully successful because of difficulty in maintaining discipline among cartel members. Manufacturers and the trade have repeatedly suffered extensive losses from the accumulation of large stocks of yarns and goods while prices were declining. A possible alleviation of these difficulties is now to be seen in the decision of the Government to support adherence to the cartel through an increase in import duties on raw cotton for non-cartel spinners. If maintained, this policy seems likely to bring about greater stability through forced downward adjustment of production to sales possibilities. The unsatisfactory conditions led to the closing of all Lodz factories for four weeks at the close of the year, but this appears to be only a temporary measure. Polish

exports of cotton cloth have shown a considerable decline during 1931, although some recovery of exports has recently occurred.

Spain

The Spanish cotton industry experienced only a relatively minor recession during 1931. Mill consumption of raw cotton is now reported below normal, because of spinners' difficulties in securing foreign exchange for imports. So far there is little evidence that the currency troubles have improved. It is important to note, however, that the curtailment of cotton consumption does not appear to be based upon internal market or stock conditions.

Sweden

The Swedish cotton industry had a relatively poor year in 1931, but, since abandonment of the gold standard and the beginning of a compensatory rise in prices, a good revival is reported to have developed. The improvement in raw cotton prices in October also seems to have been a stimulating factor.

Russia

Cloth production in 1931 is thought to have amounted to around 2,625,000,000 yards although final figures are yet lacking. This means a considerable non-execution of the 1931 plan, which provided for a total output of 3,093,000,000 yards. The failure of the plan is attributed to technical and labor difficulties, but the reduced outturn of the 1930 cotton crop also seems to have been a factor, notwithstanding that fact that it is not mentioned in the Russian press.

The output of the Russian textile industry in cotton fabrics' during recent years may be seen in the accompanying table.

Russia: Cotton cloth production 1925 to 1931

Calendar year	Cloth production
	Million yards
1925	1,827
1926	2,330
1927	2,586
1928	2,842
1929	3,189
1930	2,466
1931	1/ 2,625

1/ Preliminary.

The newly announced plan for the Russian cotton textile industry in 1932 provides for an increase in cloth production of about 25 per cent as compared with 1931. A total quantity of 3,348,000,000 yards of finished fabric is planned. It is said that 1 billion meters or about 1,094,000,000 yards of cloth requires from 600,000 to 650,000 bales of raw cotton of 478 pounds. This would require between 1,800,000 and 2,000,000 bales which is about equal to the estimated production in Russia in the 1931-32 season.

China 1/

The Chinese cotton mills in Shanghai continued active about the middle of January but curtailment in Japanese section of industry at that time appeared to be about twenty per cent. Curtailment in operations of Japanese mills at Tientsin and Tsingtao, on the other hand, has been slight. Arrivals of foreign cotton at Shanghai during the quarter ended December 1931 were about double those of the fourth quarter of 1930, but arrivals of native cotton have only been about twelve per cent of last year due chiefly to low prices of American and other foreign cotton. The decrease in the crop has been responsible for part of the decreased arrivals of domestic cotton, but arrivals from sections having a crop larger than last year have also been less than a year ago. Total arrivals of all cotton at Shanghai are somewhat below the same quarter last year. Stocks of raw cotton in Shanghai at present are not considered heavy.

Total mill consumption of cotton in China for the quarter just ended, from information available, appears to have been about the same as a year ago. There was, however, an increase in American due to the low price relation with Indian and Chinese. There seems to be a definite increase in spinning of higher count yarns this year due to cheap American cotton with resultant decreased demand for Chinese cotton for lower count yarn which would ordinarily be in demand at this time. Prices of Chinese cotton remain too high to interest millers and less than the usual portion of the commercial crop has arrived in Shanghai.

1/ Based largely on a cable from Agricultural Commissioner Dawson at Shanghai, dated January 14, 1932.

The yarn market was reported to have had an uncertain tone due to the gloomy political outlook and the approach of the Chinese New Year and the year end settlements, with tightness prevailing in the money market. Yarn demand from the interior is not strong and it now appears that demand for all China is somewhat less than a year earlier due to the decreased purchasing power of the consumers.

The market for piece goods was quiet in the past few weeks with little inquiry due to foreign holidays and approach of the Chinese New Year. Demand during succeeding weeks depends on absence of major hostilities in north and progress of reconstruction in flooded areas. Stocks in the interior are considered light.

American cotton during December totaled about 181,000 bales of 478 pounds compared with 76,000 bales in November and about 100,000 bales in December 1930. Imports of Indian cotton on the other hand, showed a decrease from November to December the total for each month being 34,000 and 17,000 equivalent bales of 478 pounds respectively. Imports of American cotton for the fourth quarter of 1931 amounted to 368,000 bales and Indian to only 82,000 bales. For the 1931-32 season it is expected that imports of American will reach nearly 1 million bales. Commitments in early January were heavy and some increase in buying is expected after the Chinese New Year. There is little tendency evident to buy ahead for the new crop year although many have contracted for requirements for four or five months. The credit situation and the uncertainty of the exchange are factors restricting distant commitments.

Production, Acreage and Crop Conditions

Little information has been received during the past month that has affected the estimate of the world production in 1931-32. Indications still point to a world production a little less than 2 million bales larger than in 1930-31 with foreign production more than 1 million bales less and United States production 3 million bales greater.

United States

The December estimate of production in the United States will hold until the final ginnings report of the Bureau of the Census is released in March. At that time the final official estimate will be released. During the past four years the December estimate has been within 1 or 2 per cent of the final estimate.

Ginnings - Up to December 13, 1931 there had been 15,358,000 running bales of the 1931 crop ginned. This compared with 13,259,000 bales up to the same date in 1930, 13,457,000 bales in 1929, and 15,541,000 bales in 1926 the year of the record crop. The ginnings from December 1 to December 13 totaled only 535,000 running bales which in relation to the size of the crop was the smallest amount ginned during that period for many years. It should be remembered that the running bales this season have averaged considerably more than 478 pounds net and the indications are that the average weight of the bales ginned this season will be the largest on record.

Fertilizer tag sales - In December 1931 sales of fertilizer tags in the eight most important cotton producing States excluding Oklahoma (Oklahoma uses very little fertilizer) showed a decline of 32 per cent from the previous December, and 40 per cent from December 1929, according to reports of the National Fertilizer Association.

Egypt

In Egypt the 1931-32 crop is now estimated at 22.6 per cent below 1930-31 as was stated last month, ginnings up to January 1, however, were only 8 per cent below ginnings to the same date last season. Total ginnings to January 1 (excluding 23,000 bales of low grade cotton called "Scorto") amounted to 890,000 bales of 478 pounds net compared with 964,000 bales the previous year. During the past three years ginnings to January 1 have averaged 63 per cent of the total production but ginnings to January 1 this season are equivalent to 69 per cent of the estimated production. The estimated production of Sakellaridis for this season is about 37 per cent below 1930-31 and the ginnings to January 1 were only 24 per cent below last season. The production of all varieties other than Sakellaridis is estimated at 18 per cent less than in 1930-31 and ginnings to January 1 were 3 per cent less. This indicates that the crop this season is being ginned faster or earlier than last or the estimate of production is small. It is too early to say just what has caused this variance, for during the past three years ginnings to January 1 have ranged between 58 and 71 per cent of the total. Receipts of Egyptian cotton at Alexandria from August 1 to January 13 this season were 8 per cent above the corresponding period in 1930-31.

India

No new estimate of the Indian crop has been received since last month, but receipts at Bombay continue to indicate that the crop is evidently smaller than in 1930-31. Receipts at Bombay from August 1 to January 14 were 54 per cent below that period in 1930-31, according to reports in the Commercial and Financial Chronicle. Mills in India are consuming more cotton this year than last, however; the crop is later than last season, and the low prices have probably caused owners in the interior to hold some of their cotton in hopes of higher prices. Production on the area planted up to December 1 has been estimated at 18.2 per cent less than the production of the corresponding part of the 1930-31 crop. The estimate for this area is 3,428,000 bales of 478 pounds compared with 4,191,000 bales last season.

China

The fact that the Chinese crop is much smaller this season (estimated at 20 per cent smaller) is substantiated by the fact that Chinese cotton is now selling for about the same price as American, whereas, it ordinarily sells for considerably less, it being generally considered less desirable than American. In addition it is reported that the receipts of native cotton at Shanghai during the three months ended December 31, 1931 were only about 12 per cent of those of the same period the previous year. Only a part of the decrease is due to the short crop, however, for receipts were also small from those sections where it is definitely known that the crop is larger than in 1930-31. The lack of interest on the part of the

spinners due to the ability to get American at about the same price is probably also a factor in the small volume of receipts. Estimates for the Nantingchow, Shanghai and Hankow areas place the crop 40 per cent below a year ago. In North China, Shantung, Hopei, Shansi and northern Honan the crop is considered 15 per cent larger than the previous year.

Russia

A recent statement by Soviet officials shows that the previous estimates released on the 1931-32 acreage were found to be too high. They are now reporting 5,281,000 acres as the area planted which is 543,000 acres or 9.3 per cent below the previous estimate but 1,411,000 acres, or 36.5 per cent above the 1930-31 acreage. This acreage reduction further substantiates the estimate of this Bureau which placed the maximum production at 2,000,000 bales of 478 pounds or an increase of 450,000 bales (29 per cent) over 1930-31, although the unrevised acreage showed an increase in area of 50 per cent. With the possibility of a still further reduction in the reported acreage and procurings up to December 20 for a large proportion of the area only 60 to 70 per cent of the plan, it now seems probable that the production will not exceed 1,900,000 bales, an increase of only 23 per cent over 1930-31 although the crop was at one time officially expected to reach 2,700,000 bales.

A further increase in acreage and production is planned for 1932. A recently approved plan calls for about 6,022,000 acres to be planted next spring, an increase of 841,000 acres or 14 per cent over the revised 1931-32 acreage. The decrease in the rate of expansion is said to be due to the fact that according to the plan greater efforts are to be made in improving the quality and yields.

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WORLD COTTON PROSPECTS

Summary

The apparent supply of American cotton remaining in the United States decreased during the month of January almost 400,000 bales more than during the same month last season as a result of an increase of more than 70 per cent in exports and only a slight decrease in consumption as compared with January 1931, according to the Bureau of Agricultural Economics. This leaves the apparent supply in the United States on February 1 about 15.7 million bales which is still about 4.0 million bales larger than a year earlier. Most of these increased stocks are located either in public storage and warehouses or on farms, since the amount of cotton held in consuming establishments was only a few thousand bales larger than on February 1, 1931. The heavy export movement in January continued to be largely a result of heavy exports to Japan and China, although most important foreign consuming countries took larger amounts than during January 1931. For the first half of the season total exports of American cotton were 11 per cent larger than in the same period in 1930-31, and were slightly above those of 1929-30. In contrast to the relatively large exports of American cotton so far this season the export movement of Indian cotton from August 1 to February 9 was 49 per cent less than during the same period in 1930-31, and was only slightly more than half as large as in the corresponding period in 1929-30.

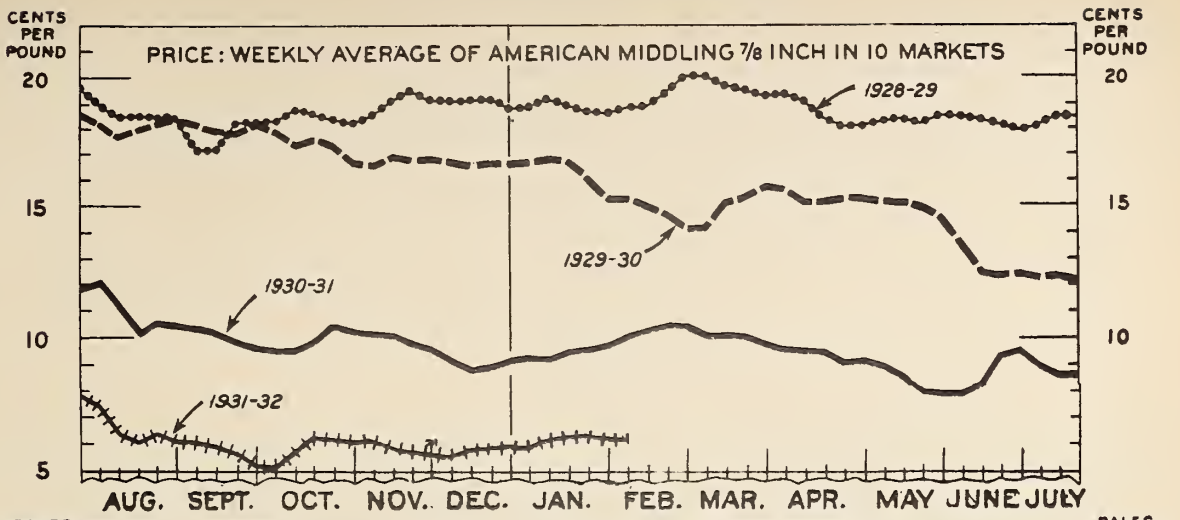
While domestic mill consumption during January was smaller than in January of last year and showed less than the usual seasonal advance, the report of the cotton cloth section of the domestic industry was somewhat more favorable, cloth sales being the largest since September, 1929, shipments

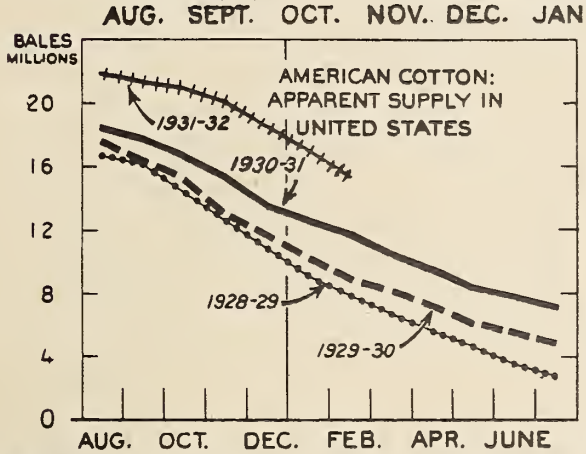
and production the largest for almost two years resulting in a substantial increase in unfilled orders and a further decrease in stocks. In Great Britain textile mill activity continues at a rate considerably above that of the early part of the season. Piece goods exports during December and January were considerably higher than in 1930-31 and home trade has been fairly satisfactory; but attempted labor adjustments have been a disturbing factor, although it is recently reported that a definite settlement is nearer. There was no significant change in the cotton textile situation on the Continent during January. The volume of new business was reported unchanged on the whole, although there was some decline in Central Europe and a slight increase in Western Europe and Italy. Currency difficulties and regulations are said to be an important factor in the situation.

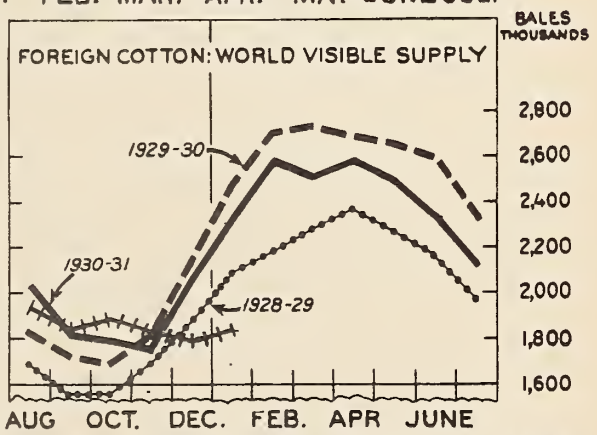
The rate of cotton consumption in India so far this season has been above that of 1930-31, and has been almost at record levels, which together with the short crop has reduced the exportable surplus of Indian cotton and resulted in an unusually large amount of American cotton being exported to India. Up to the end of December Japanese mill activity continued at rather high levels and unusually large proportions of American cotton were being used. Exports of cotton cloth, however, have declined very materially for several months. In China military operations and disturbed banking conditions have seriously affected the industry. A large part of the cotton mills of China are located at Shanghai where the disturbances have occurred. In late February a cabled report stated that yarn production in the Shanghai mills was estimated at about 10 per cent of capacity and that the amount of cotton consumed in February at Shanghai was extremely small.

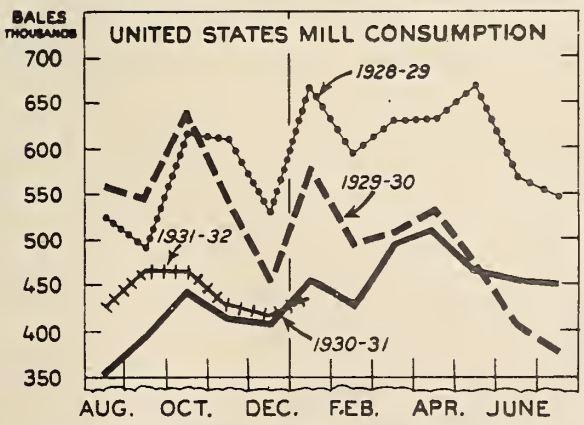
Revised production estimates for a number of foreign countries has necessitated a revision in the estimates of world production both for 1930-31 and 1931-32. The estimated 1930-31 world total including China is now 25.6

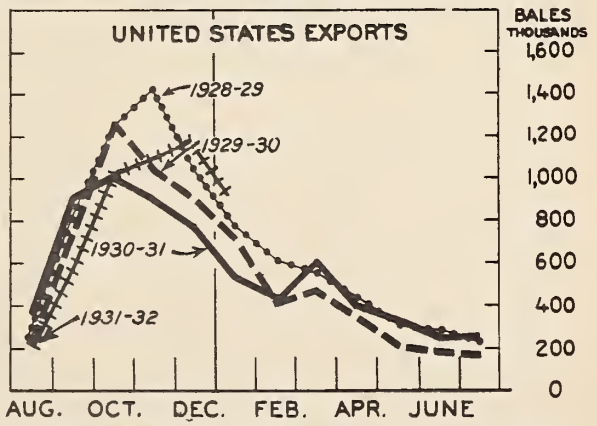
THE COTTON PROSPECT

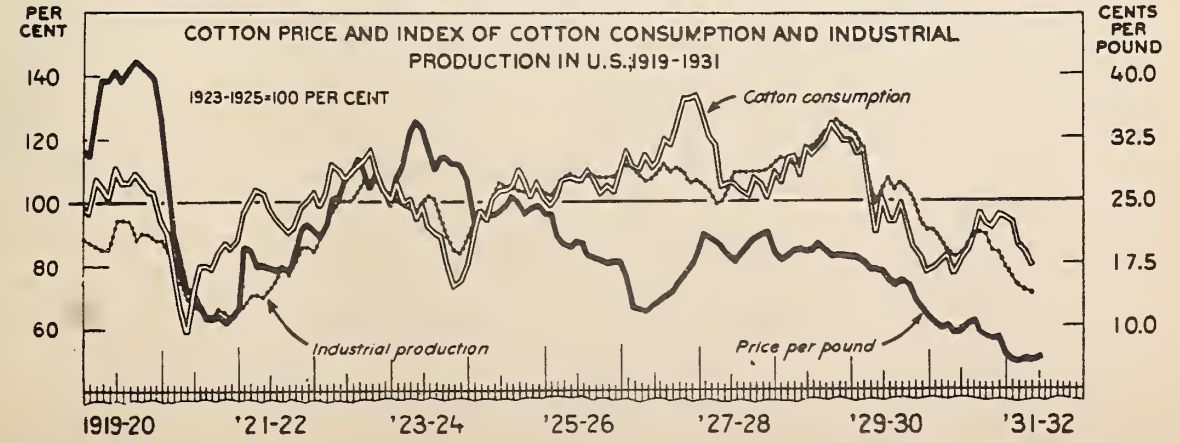












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million bales or 1.7 million bales smaller than the estimate of the present (1931-32) crop. The estimated production outside of the United States, however, is about 1.3 million bales smaller this season than in 1930-31. The principal countries showing important decreases are India, China, and Egypt. In India alone, preliminary estimates indicated a crop of almost 1 million bales smaller than last season.

Prices

From early January to February 20 there was a fairly steady advance in American cotton prices in domestic markets, and on February 20 the average of the ten spot markets was 6.64 cents per pound. This was 0.89 cents above the price on the first business day of January, 0.32 cents above February 1 and was 1.75 cents above the low point of October 5. Not since before early August when it became known that the present crop would be large, have prices in the ten markets averaged as high as 6.64 cents. Since February 20, prices advanced somewhat further and on February 25 the average of the ten spot markets for Middling 7/8 inch was 6.68 cents. In most foreign markets prices of American cotton in terms of gold have also advanced some during the past month and a half. At Liverpool on February 19 American Middling 7/8 was quoted at 5.95 pence per pound equivalent to 8.56 cents per pound when converted at the rate of exchange existing that day and compares with a price of 7.86 cents on January 15. The average of American Middling and Low Middling at Liverpool during January was only 4.3 per cent above the average of three important types of Indian cotton. During February prices of Indian cotton have shown less strength than prices of American cotton and during the first three weeks of February. American cotton averaged 6.1 per cent above Indian. At Bremen during February prices of Indian cottons also became relatively cheaper as compared with American than during the previous month. About the middle of February the price of four competitive types of Indian cotton averaged practically the same as American Middling, whereas, a month earlier these four types of Indian cotton were 6 per cent higher than American and in December were 1 per cent higher. Indian cotton, however, is still relatively high as compared with American. Prices of Egyptian cotton have also been weaker than prices of American during the past three or four months and about the middle of February Egyptian Uppers at Liverpool were 12 per cent lower than the price of Strict Middling American 1-1/16" at Bremen; whereas, a month earlier they were only 3 per cent below. This is probably about as cheap (relative to American) as Egyptian has been for many seasons.

Stocks and Movement

Apparent supply of American cotton in the United States

Due to much larger exports in January this year than in January 1931, the disappearance (exports plus consumption) of American cotton during the past month was almost 400,000 bales larger than during January 1931, but on February 1 the apparent supply remaining in the United States was still almost 15.7 million bales compared with 11.7 million bales a year earlier and 12.2 million

bales on February 1, 1927. The decrease during January this season was 1,345,000 bales, (919,000 bales due to exports and 426,000 bales due to domestic consumption) and was larger than either last year or the year before.

Stocks at domestic consuming establishments

While the total amount of cotton in the United States at the end of January was about 4 million bales larger than a year earlier, stocks held in consuming establishments were only slightly larger. At the end of January, stocks of raw cotton held by mills in the United States amounted to 1,637,000 running bales compared with 1,618,000 bales a year earlier. For almost a year and a half these stocks reports of the Bureau of the Census have shown that domestic mills have maintained smaller supplies of raw material than in the corresponding period the previous year. With the exception of last year, stocks on January 31 this year were the lowest for that date since 1925.

Stocks of foreign cotton at consuming establishments at the end of January were the lowest for that date since 1918. The 55,000 bales compares with 95,000 bales a year earlier and 96,000 bales two years earlier.

World visible supply cotton outside United States

On February 12 the visible supply of American cotton outside the United States amounted to 1,426,000 running bales compared with 1,789,000 bales at the same time a year earlier, 1,774,000 bales two years earlier, and 2,200,000 bales three years earlier, according to reports of the Commercial and Financial Chronicle. These visible supply figures do not include the cotton in Japan and China and during the past few months these countries have taken unusually large amounts of American cotton. Even so, however, it is true that by far the greatest increase in the supply of American cotton is in that located in the United States.

In the case of foreign grown cotton the world visible supply on February 12 amounted to 1,822,000 running bales compared with 2,481,000 bales twelve months earlier, and 2,708,000 bales at the same time in 1930. In the past the largest item in these visible supply figures of foreign cotton has been the stocks of Indian cotton at Bombay, and, at about February 12 in each of the years 1929, 1930 and 1931 stocks at Bombay have been about 1 million bales. On February 12 this year, however, stocks at Bombay amounted to less than 500,000 bales, reflecting the short Indian crop and the heavy demands by mills in India. The large stocks of Egyptian cotton at Alexandria are not so much a result of large production in 1930-31 or in the present season as of the decreased consumption and a tendency among spinners to decrease the amount of cotton on hand.

Exports of American cotton

Domestic cotton exports during January amounted to 919,000 running bales, an increase of 386,000 bales or 72 per cent over January 1931 and were the largest for the month of January since 1927, according to reports

of the Bureau of the Census. The total exports to all countries for the season to the end of January amounted to 4,954,000 bales which is 475,000 bales or 11 per cent above the first six months of 1930-31 and 63,000 bales above the same period in 1929-30. For the first half of 1931-32 Japan, China and Italy were the only important users of American cotton and took more cotton than in the corresponding period of 1930-31. During each of the three months from November through January, however, France was the only important country which did not take a larger amount of our exports than during the corresponding period in 1930-31. Exports to Great Britain in recent months have shown the greatest improvement when compared with last season due to the fact that exports to Great Britain were maintained at fairly high levels during the first two or three months of last season and then declined sharply, whereas, this season they were unusually low the first two months and since then have been larger. During January exports to the United Kingdom were more than 2¼ times as large as in January 1931, and for the first half of the season were only 10 per cent below the corresponding period of last season. The improvement in exports to Great Britain reflects an improvement in the textile situation which followed the abandonment of the gold standard which resulted in increased activity, larger cloth exports, and increased forwardings of raw cotton to mills. It also reflects some displacement of Indian cotton. The large export movement to Japan and China has been due to such factors as the short Indian and Chinese crops, increased textile activity and the desire of the Japanese to accumulate large stocks of the cheap American staple before the abandonment of the gold standard by the Japanese Government.

Exports of Indian cotton

From August 1 to February 9, total exports of raw cotton from India amounted to only 899,000 running bales compared with 1,759,000 bales during the corresponding period the previous year, or a decrease of about 49 per cent, and were only a little more than half as large as in the corresponding period in 1929-30, according to the Commercial and Financial Chronicle. As the season progresses exports drop farther and farther below last season. The Continent continues to take the smallest amount relative to last season, and during the four weeks ended February 9 took 69 per cent less Indian cotton than in the same period in 1930-31. These low exports reflect both a short crop and increased requirements of Indian mills, for while the crop is expected to be much below last year it is not expected to be as much below as exports or as receipts at Bombay have been. The high rate of consumption by Indian mills is due at least in part to the tendency of India to reduce the use of foreign goods.

Receipts of Indian cotton at Bombay

Up to February 9 receipts of Indian cotton at Bombay for the season totaled 769,000 running bales which compares with 1,748,000 bales and 2,004,000 bales during the same period in 1930-31 and 1929-30, or a decrease

of 56 and 62 per cent respectively, according to reports of the Commercial and Financial Chronicle. During the four weeks ended February 9, Bombay receipts were 243,000 bales, 60 and 63 per cent respectively below the corresponding periods last season and the season before. These low receipts reflect the small crop, increased takings by Indian mills and perhaps some holding tendency on the part of producers.

Receipts and exports at Alexandria Egypt

From August 1 to February 8 receipts of cotton at Alexandria were 6 per cent larger than during the same period in 1930-31, but were 8 per cent below the same period of 1929-30. Total exports during this period were above both last season and the season before, according to figures shown in the Chronicle. Last season, however, there was a change in the normal method of ginning the crop which caused the receipts at Alexandria to lag behind what they ordinarily would have been had the ginning procedure been normal. This, therefore, probably explains why the receipts this season have been larger than last although the crop is expected to be about 27 per cent smaller than in 1930-31. For the season to February 8, exports from Egypt have been about 18 per cent larger than from August 1 to February 8, in 1930-31. During last season the Egyptian Government owned quite a large proportion of the stocks of raw cotton which were being held off the market. A part of this cotton was purchased by the Government in 1929-30, and a part of it was that on which the Government had advanced loans to growers based on the market value of the cotton which was more than the value at the time it was harvested. The Government had advanced loans to growers on seed cotton, and the cotton was stored as seed cotton for a while, probably with the hope that the market would advance. In February last year there was some advance in prices and the Government sold a little over one-fourth of the cotton upon which loans had been made. By May 10, however, the Government started ginning and selling the remainder of this cotton. This explains to some extent the drag in ginnings and receipts at Alexandria last season as well as the low exports. The cotton which was purchased in an effort to stabilize prices was sold only in small amounts prior to February 1931 and at that time the Government declared that no more of this cotton would be sold until after August 31, 1931 and that sales after that date would be made only as the market could absorb it and that not more than 500,000 kantars (equivalent to about 104,000 bales of 478 pounds) would be disposed of annually. The new crop is moving to market freely and with sales out of Government stocks taking place it is, therefore, easy to see why receipts and exports at Alexandria as well as ginning this season up to the end of January were all large compared with last season, whereas, the crop is now estimated at 27 per cent less than in 1930-31.

Textile Situation

Consumption by domestic mills was smaller than in January last year and showed less than the usual seasonal advance. Sales of domestic cotton cloth in January, however, were the largest since September 1929 and shipments were the largest since February 1930, and although production was the largest for twenty-one months, stocks decreased and unfilled orders increased. In European markets conditions during the past month remained at about the same low levels while in the Orient larger proportions of American cotton are being consumed, but in the Shanghai district of China military operations have reduced mill activity. Mill consumption in India continues at rather high levels which together with the short crop has greatly reduced the exportable surplus of Indian cotton. This has brought relatively high prices for Indian cotton and India has imported record amounts of American cotton.

United States

Domestic cotton consumption in January, although above December, increased less than usual. Total consumption in January amounted to 455,000 running bales compared with 416,000 bales in December and 450,000 bales in January 1931, according to reports of the Bureau of the Census. The increase of 4.8 per cent from December to January this season compares with an average increase of 14.0 per cent during the past five seasons. The total consumption for the first half of the season amounted to 2,631,000 bales, 171,000 bales or 7.0 per cent above the 1930-31 period but 20.6 per cent below consumption from August to January 1929-30.

Sales of domestic standard cotton cloth during January averaged 58.2 million yards per week which was the largest average since September 1929 and shipments were the largest since February 1930, according to reports from the Association of Cotton Textile Merchants of New York. The rate of production was also the highest for almost two years, but sales and shipments were sufficient to reduce stocks during the month by 12.5 per cent and to increase unfilled orders by 21.5 per cent.

Great Britain

Compared with the corresponding month last season exports of cotton piece goods from Great Britain showed a steady improvement each month this season until exports in December exceeded those of December 1930 by more than 15 per cent. This was the first month since July 1929 in which total exports to all countries exceeded those of a year earlier. The relative improvement in the British piece goods export situation is due largely to increased exports to India. In each of the three months, October to December, exports to India have been above the same month the previous year and in December were more than 39 per cent greater than in December 1930. In addition there has been some increase in the amount going to China probably as a result of the Chinese boycott of Japanese goods, but in early February the crisis at Shanghai was said to have decidedly affected the shipments of goods to China. British home trade was more optimistic in late January although the partial strike in the Burnley area is a disturbing factor in the situation. In mid-January, however, a definite settlement of the more-looms-per-operative dispute was reported as nearer.

Continental Europe 1/

January brought no significant change in the European cotton textile situation, although the general level of activity in the mills seems to have fallen slightly after assuming an upward tendency during the fall and early winter in many parts of the Continent. The volume of new business booked by the industry during January appears to have undergone little change on the Continent as a whole, with some decline in Central Europe offset by slightly better bookings in Western Europe and Italy. The failure of mill activity to hold up seems to rest substantially upon lack of support from new orders.

Spinner buying of raw cotton during January was limited, although price fixing is reported to have attained considerable importance particularly during the advance in prices in the first half of the month. The impressive resistance of the cotton market to various unfavorable events in recent weeks, which has apparently been based on the evidence of expanding world cotton consumption, and heavy crop deficits in India and China, and reduced crops in other foreign countries has contributed significantly to the better feeling among continental spinners.

Among the factors unfavorable to the continental cotton industry is that of the currency regulations introduced in so many countries, notably in Central Europe. Both Austria and Czechoslovakia, as well as Hungary, have difficulty in procuring foreign exchange necessary for raw cotton purchases, and some complaints are also heard in Germany, though the latter do not seem justified. These exchange restrictions, moreover, are disturbing normal trade in cotton yarn and fabrics among continental countries. Complaint is also increasing in regard to British competition in both domestic and competitive markets, as well as the difficulty of selling to depreciated currency countries, where every effort is being made to prevent prices from advancing.

Germany

Preliminary reports point to the probability of German cotton mill occupation, having undergone a general slight recession during January, both in the spinning and weaving sections. The German spinners and weavers report for December announced very small orders for cotton yarn, with sales on a level considerably below previous months. January report shows sales still restricted with keen competition from British fine yarn. In fabrics, too, pronounced reluctance was evident during December with hand-to-mouth buying general, notwithstanding a considerable stimulus in orders for the Christmas holiday trade, as a result of small stocks in the hands of many retailers and wholesalers, but during January fabric sales were somewhat better although prices were bad. Such buying as developed in December, however, was confined largely to the first half of the month, interest in both yarn and fabrics thereafter being materially influenced by the Government's Emergency Decree and its price reducing regulations, which caused a generally hesitant attitude among buyers.

1/ Based largely on a report from Agricultural Attache L. V. Steere at Berlin, dated February 5, 1932, supplemented by cable February 16.

It should be noted that the "beginning-of-the-year" sales are reported to have been not unsatisfactory. Results of the annual "white sales" now in progress are not yet apparent, but retail prices of cotton textiles have been sharply reduced, and it is not unlikely that the volume of business will be satisfactory, considering present economic conditions. Reports, furthermore, indicate that the situation, with regard to stocks of finished and semi-finished goods, remain quite favorable throughout textile distributing channels in Germany which is favorable to the maintenance of mill activity and cotton consumption.

Recently published figures show that German cotton spinning and weaving mill activity rose considerably during the fall months. Seasonal factors are a partial explanation, but the improvement was more than seasonal, doubtless due to the necessity of replenishing low stocks to meet current demand. The trend of raw cotton prices during this period may also have been a factor.

The fine spinning mills in Germany continue to make active complaint about serious British competition. This applies particularly to German export markets, in which both German spinners and weavers appear to be finding it almost impossible to compete with British firms. Germany's export sales to England, Scandinavia and Holland have undergone a rather sharp decline.

German spinner interest in raw cotton was relatively good during the first half of January, following the holidays dullness in December, but hand-to-mouth buying was again resumed after the middle of the month. Uncertainty about international political developments is believed to have been an important cause of this quieter trend. Trade reports, however, have repeatedly stated that low grades of American cotton have been the object of particular interest in recent weeks, a reflection, doubtless, of the relatively high prices now prevailing for competitive Indian staples.

The restrictions on foreign exchange prevailing in Germany do not appear, as yet, to have been any great obstacle to import purchases of raw cotton, although it may be true that increased complications involved in the actual doing of business under strict Government supervision have had an obstructive effect in the renewing or repayment of reimbursement credits.

Czechoslovakia

January developments in the Czechoslovakian cotton textile industry are reported to have been unsatisfactory. Some decline in operations seems to have developed, particularly in Bohemia, following a rise in mill activity during the fall months.

Czechoslovakian cloth makers, as well as spinners, complain of exceedingly great difficulty in export business as a result of growing British competition, as well as the restrictive influence of depreciated currency in numerous important markets, such as the Scandinavian countries. Czechoslovakia's most important customers, Austria and Hungary, moreover, have severe import restrictions in their foreign exchange regulations, which are being administered in a manner that almost excludes textile imports, at least for the time being. It is significant that the Czechoslovakian cotton industry is heavily dependent on its export markets.

Austria

Prospects for the Austrian cotton textile industry remain very unencouraging, notwithstanding a certain seasonal pick-up in mill activity during the fall months which was apparently due largely to a flight into "real-values" and was in no way a sound development. At present Austrian cotton spinners and weavers are profiting somewhat from the restriction of cotton yarn and cloth imports through the regulations on foreign exchange, yet at the same time, they are encountering difficulty in procuring currency to pay for raw material. It does not seem, therefore, that cotton consumption will increase in Austria to offset the reduction which Czechoslovakia is experiencing from inability to export.

Real recovery in Austria is dependent upon the return of better conditions in general business.

France

Reports from various sources indicate that for some time the French cotton textile industry and its spokesman in the French Senate have been urgently pressing for Government measures to bring relief, and the position of the industry has continued relatively unsatisfactory through January, notwithstanding some signs of improvement.

Following a period of limited new bookings early in January, spinners reported some revival in orders during the second half in many sections of the country. The same was true of new business for the cloth mills. Toward the end of January other observers also reported a considerable increase in the volume of sales of cotton fabrics to the Indies. Algiers and Tunis were less satisfactory buyers, although takings by both of these countries were better than in previous weeks.

A somewhat better sentiment also seems to have developed on the French raw cotton market in January. The volume of new purchases by spinners was, however, still rather restricted, though price fixing during the month was important.

Another favorable factor for France has been the announcement of important wage reductions without significant resistance on the part of textile workers. It seems reasonable that this development will prove important from the standpoint of the cost problem.

A review of French foreign trade statistics and the figures on cotton mill activity for the past several months shows the following significant developments.

Spinning mill activity during the months of February-June, 1931 was approximately 20 per cent below activity in the same period of 1930, while cotton imports during the comparable period January-May 1931 were only 7 per cent below January-May 1930. These figures point to the accumulation of raw cotton during the first part of 1931, which was actually the case.

In the months of July-November, 1931, on the other hand, French cotton mill activity was 24 per cent below activity in the corresponding months of 1930, while raw cotton imports for the comparable period June-October 1931 dropped as much as 50 per cent below imports in June-October 1930. There seems every reason to conclude, therefore, that stocks of raw cotton in France have been worked down considerably during the last half of 1931 and that is of course favorable to increased purchases once conditions begin to improve. Imports in the month of November, in fact, were less than one-fourth of takings in November 1930 and exports from the United States to France for the first half of the 1931-32 season were 72 per cent below the like period last season.

Italy

Information on cotton textile developments in Italy points to the continuation, well into January, of the tendency toward improvement previously evident. The maintenance of a favorable ratio between sales of new yarn and yarn production connotes a further reduction in stocks and also that the industry is holding to a conservative production policy. Output is evidently being stepped up only where the decline in yarn stocks has gone far enough to make an increase in production advisable. Furthermore, unfilled orders for yarn are considerably higher than a year ago, though not yet up to the levels prevailing at the beginning of 1930. Spinning mill activity has also risen though only to a small extent, as is also true in the cloth mills, with the general level of occupation about equal to that of last year at this time.

Poland

The position of the Polish cotton industry has shown little change in recent weeks from the unsatisfactory conditions hitherto prevailing, but Government measures recently taken seem likely to bring changes in the near future.

With the object of bringing relief from the chaotic conditions which have long prevailed in the Polish cotton textile industry, through steps which will bring some measure of control of production and the raising and maintenance of prices at more satisfactory levels, the Government has adopted a tariff of seven zlotys per 100 kgs. (0.36 cents per pound) on raw cotton. Previously raw cotton entered duty free. The new tariff measure provides, however, that the duty may be reduced to one zloty (.051 cents) on special permit of the Ministry of Commerce. It is reported to be the Government's intention to grant this special duty to the larger cotton mills which have been adherents to the cotton cartel, but to refuse it to the small mills, which in the past have tended to operate independently, unless they will adhere to the cartel agreement or purchase raw material through the larger mills.

Some doubt is expressed as to whether the Government's plan will be of advantage to the industry in the long run. Quotations for yarn have already been advanced and it is expected that prices for fabrics will follow, even though cloth prices in Poland are already considerably higher than in Germany. On the other hand, further reduction in working hours in the spinning

mills has already occurred, as a result of which it is expected that surplus stocks of cotton products will be worked down.

Russia

The production of finished cloth by the Russian textile industry in the first three weeks of January 1932 is reported to have been 137.0 million yards or 1.8 per cent below output in the same weeks last year. Yarn production for the same period is reported as 9.8 per cent above the corresponding figures last year. Indications are, however, that mill activity in January 1931 was below that of the previous year and perhaps below that of 1929.

India

Cotton mills in India have been very active this season. During each of the first six months of the season consumption of Indian cotton in Indian mills has been larger than in the corresponding months of the 1930-31 season. For the first half of the 1931-32 season total consumption of Indian cotton amounted to about 1,208,000 bales of 400 pounds or an equivalent of about 1,011,000 bales of 478 pounds which compares with a consumption of 925,000 bales during the like period last season or an increase of about 9.3 per cent. With the exception of the 1929-30 season the rate of mill activity so far this season in India has been the highest on record. In fact consumption during the August to January period this season was less than 2 per cent smaller than during August to January in 1929-30. Supplies of Indian cotton, however, have been much smaller than in recent years and prices much higher relative to other cottons. This high rate of activity in India reflects the effort on the part of India to eliminate foreign goods.

As a result of the high mill activity and short domestic cotton supplies and the relatively high prices for Indian cotton, India has taken unusually large amounts of American cotton. During the five months August through December exports of American cotton to India amounted to about 73,000 running bales compared with 38,000 bales during the same period last season, an increase of more than 90 per cent, and were more than 50 per cent larger than during the same period in 1926-27.

Japan

The trend of raw cotton prices in Japan during December continued in favor of American which advanced 7 per cent while Indian Oomras rose 8 per cent. Spot yarn was unchanged and yarn futures rose 3 per cent, according to a report from Consul Donovan at Kobe.

Imports of American cotton during December amounted to 253,000 bales compared with 143,000 bales in November and 96,000 bales in December 1930 whereas imports of Indian cotton amounted to only 54,000 bales in December this season compared with 64,000 bales during the preceding December. Sales of American new crop cotton to Japanese mills is reported at 800,000 to 900,000 bales and Indian about 100,000 bales against 500,000 to 600,000 bales during a normal season. Japanese mills were not buying as freely during the third week in January as in late December and early January.

Visible stocks of raw cotton in all Japan at the end of December amounted to 223,000 bales of which American was 186,000 bales compared with 142,000 and 104,000 bales respectively at the same time last season.

Domestic demand for yarn and piece goods was active in January but foreign demand was poor due to high prices. Since the abandonment of the gold standard speculation in yarn and piece goods has forced up prices out of proportion to the fall in the value of the yen, with the result that exporters are in a difficult position. Yarn production in December increased slightly to 229,428 bales of about 400 pounds which compares with 214,000 bales produced in December 1930. Exports of yarn, however, in December amounted to only 3,791 bales compared with 2,631 bales in the preceding December.

Exports of piece goods fell off considerably in December amounting to only 76.3 million square yards against 95.3 million square yards in November and 128.0 million in December 1930. The Chinese boycott and the civil disturbance in India are considered largely responsible for the decline in exports but high prices were also a contributing factor, particularly in view of the lower prices existing for British goods.

China

Disturbed conditions, particularly around Shanghai, where a large part of the cotton mills of China are located, have seriously affected the cotton industry, and yarn production about the middle of February was estimated at only about 20 per cent of capacity, according to a cable from Agricultural Commissioner Dawson at Shanghai. The Japanese mills in and around Shanghai were not operating at that time, but some Chinese mills had opened and were operating part time.

At the time the cable was sent (February 13) no new business in yarn or raw cotton was being done, but some improvement was expected within the next week. With an improvement in shipping conditions yarn is expected to move to Kwangtung and Szechwan. Stocks of raw cotton were quite large with warehouses very congested, but stocks of yarn were not heavy. The tight money situation in native banks has made the handling of bills difficult.

A special summary of the cotton situation at Shanghai was cabled by Mr. Dawson on February 24 in which he reported that only eight Chinese mills were operating part time, one British mill and no Japanese mills were operating. Yarn production at that time was estimated at about 10 per cent of capacity and the amount of cotton consumption in February in Shanghai had been extremely small. Mills were hampered in their operations due to the generally disturbed situation but the worst obstacle was the continued tightness in the currency situation. The native banks are unwilling to transfer funds to foreign banks which results in a suspension of delivery to mills.

Cotton stocks at warehouses, public storage places, wharves and mills was estimated at close to 200,000 bales and a lack of storage space was forcing many steamers to discharge cotton at Kobe and Hongkong.

Exporting of yarn to South China from existing stock was fairly active and mills in the territory adjacent to Shanghai were selling output at profitable prices. Since the outbreak of military operations insurance premiums have gone as high as 5 per cent per month. At the time the cable was sent they were between 1 and 2 per cent on amounts over 20,000 pounds sterling. This only applies to stocks stored along the river as it was impossible to obtain coverage on cotton lying in the northern part of Shanghai or on any Japanese wharf.

Arrivals of cotton at Shanghai by February 24 had almost ceased, due to the lack of warehouse space and the inability of effecting delivery to mills. Importers were asking their home offices for postponement and some possible cancellation of open contracts.

Acreage, Production, Crop Conditions

Revised production estimates for a number of countries have been received during the past month or two which have been sufficient to necessitate a revision in this Bureau's estimates of the world production. This Bureau has long maintained a policy of accepting only the estimates of the official Government crop reporting agency of all foreign producing countries so far as possible unless there is some very good reason to believe that better estimates may be obtained elsewhere. Since this Bureau's world estimates are based upon the estimates of the individual countries any material change in the estimates of the larger producing countries or a change in a number of small countries make it necessary to revise the world total, except of course where revisions for individual countries offset each other. A recent report from the Department of Statistics of India shows that their revised estimates for the 1930-31 crop in India are running about 200,000 bales (of 478 pounds) larger than their previous estimates. Late reports from Russia indicate that the crop in that country during the present season is likely to be at least 100,000 bales smaller than was estimated. Due to these and other minor changes in the estimates for 1930-31 and 1931-32 the estimated world production has recently been revised. For 1930-31 the estimate is now 25,600,000 bales of 478 pounds for the world including China, which compares with a previous estimate of 25,400,000 bales. The revised estimate for the present crop (1931-32) now stands at 27,300,000 bales. This shows an estimated foreign production this season about 1.3 million bales less than in 1930-31, but due to the 3,000,000 bales increase in domestic production the world estimate is about 1.7 million bales larger than last season. It should be remembered that the 1930-31 and the 1931-32 estimates are still subject to further revision since the estimates for the various countries may be further revised.

United States

Ginnings. Up to about January 16 the total domestic cotton ginnings this season amounted to 15,992,000 running bales which was an increase of 634,000 bales over ginnings to December 13 and was only 624,000 bales smaller

than ginnings to the same date during the 1926-27 season. During the same period last season there were 13,594,000 bales ginned. It should be remembered that the bales ginned this season are unusually heavy and probably weigh more than the average weight of the bales for any previous season.

Fertilizer tag sales. Sales of fertilizer tags in the eight most important cotton States, (excluding Oklahoma, a State which uses very little fertilizer) were only 41.8 per cent as large as in January 1931, and, for the two months December and January this season, tag sales in these States were 44.5 per cent of those during the same period in 1930-31. Compared with 1930-31 tag sales for the two months ranged from 17.4 per cent in Georgia to 63.4 per cent for South Carolina.

India

About February 15 the Department of Statistics of the Indian Government issued the fourth forecast of the 1931-32 acreage and the revised estimate for the 1930-31 acreage as of the same date last season. This forecast includes practically the total area, excluding only cotton planted very late in the season which usually constitutes only a small portion of the total. The 1931-32 area was estimated at 23,511,000 acres, only 11,000 acres more than the revised figure for the same date in 1930-31, but the acreage last year was the smallest since 1922-23.

The second forecast of production, which is also the forecast for practically the total crop was released at the same time as the fourth forecast of acreage. This forecast of 3,349,000 bales of 478 pounds compares with the revised estimate for the same time last season of 4,276,000 bales, which is a decrease of about 22 per cent, indicating that the yields this season have been unusually low. Receipts at Bombay continue to run much below previous years substantiating the fact that the present crop is a short one, although a part of the small receipts is probably the result of the relatively strong demand of Indian mills and in part to owners in the interior holding for higher prices.

Egypt

Total ginnings of Egyptian cotton up to February 1 amounted to about 1,003,000 bales at 478 pounds, which compares with 1,106,000 bales ginned during the corresponding period 1930-31 and 1,245,000 bales ginned to February 1, 1930. Relative to the size of the crop, ginnings so far this season have been considerably larger than in 1930-31, due to the fact that the Egyptian Government had advanced the growers a sum in excess of the market value of the cotton at the time it was harvested and, therefore, took the cotton over and stored it in the seed, hoping that the market would advance. Although total ginnings to the first of February were only about 9 per cent below the

corresponding period last season, the estimated production of all cotton was 23 per cent less than 1930-31. Compared with the estimated decrease of about 37 per cent in the production of Sakellaridis, ginnings of Sakellaridis to February 1 were only 29 per cent below last season. Ginnings of other varieties were 3 per cent smaller, while the estimate of the production is 18 per cent smaller.

Brazil

The 1931-32 production of cotton in Brazil is now estimated at 550,000 bales of 478 pounds, based largely on the official estimate of production for ten of the Northern States, which usually produce about 80 per cent of the total crop. This is a downward revision of 50,000 bales from the previous estimate and compares with an estimate of 460,000 bales for the 1930-31 crop. Private estimates which have been cabled to this Bureau place the 1931-32 crop at about 24,000 bales below the above figure.

Russia

No information is available as to the absolute quantity of cotton procured this year by the Russian officials but a recent statement indicated that actual procurings to January 20 were 15.8 per cent above those of last year on the same date. In the past, procurings have been largely completed by January 20, and, an increase of 15.8 per cent over the procurings reported for last year would mean a total procurement of between 1,800,000 and 1,900,000 bales of ginned cotton, depending upon the proportion of lint to seed cotton.

Anglo-Egyptian Sudan

The preliminary estimate of the 1931-32 Sudan crop released by the Sudan Government placed the present crop at between 155,000 and 176,000 bales of 478 pounds which compares with a final estimate of 106,000 bales for 1930-31. On the reported acreage planted to cotton this season the above estimate would give a yield per acre between 208 and 236 pounds which would be somewhat above the average for five years 1924-25 to 1928-29 and much above the low yield of 1930-31 which, due to disease and insect damages, resulted in the lowest yield since 1924-25. The preliminary estimate made at the same time last year indicated a yield much above the final yield.

Table 1.- Cotton: Acreage and production in countries reporting for 1931-32, with comparisons

Item and country	1928-29	1929-30	1930-31	1931-32 preliminary	Percentage 1931-32 is of 1930-31
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
ACREAGE					
United States	45,341	45,793	45,091	40,495	89.8
India 1/	26,256	25,177	23,500	23,511	100.0
Russia	2,288	2,550	3,870	5,281	136.5
China	4,847	5,133	5,228	5,078	97.1
Egypt	1,805	1,911	2,162	1,747	80.8
Uganda	699	663	740	876	118.4
Chosen (Korea)	503	456	473	461	97.5
Anglo Egyptian Sudan	315	369	387	356	92.0
Mexico	502	492	390	319	81.8
Syria and Lebanon	19	60	60	76	126.7
Bulgaria	13	14	13	13	100.0
Italian Somaliland	20	27	19	10	52.6
Eritrea	6	6	7	6	85.7
Algeria	12	14	10	3	30.0
Italy	-	8	9	2	22.2
Total above coun.	82,626	82,673	81,959	78,234	
Estimated world total	87,400	87,700	86,700	81,000	93.4
	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	Per cent
PRODUCTION					
United States	14,478	14,828	13,932	16,918	121.4
India 2/	4,747	4,149	4,276	3,349	78.3
Russia	1,250	1,310	1,550	3/ 1,900	122.6
China	2,466	2,116	2,250	1,800	80.0
Egypt	1,672	1,768	1,661	1,286	77.4
Brazil	525	584	460	4/ 550	119.6
Mexico	278	246	178	207	116.3
Uganda	171	108	156	170	109.0
Anglo Egyptian Sudan	142	139	106	5/ 166	156.6
Chosen	150	139	154	136	88.3
Syria and Lebanon	4	14	12	17	141.7
Tanganyika	28	23	19	12	63.2
Australia	5	8	10	10	100.0
French Equatorial Africa	1	3	7	5	71.4
Bulgaria	3	4	4	5	125.0
Italian Somaliland	7	8	3	4	133.3
Eritrea	1	1	2	2	100.0
Italy	-	3	4	1	25.0
Algeria	6	8	5	1	20.0
Total above countries	25,934	25,459	24,789	26,539	
Est. world total	26,900	26,500	25,600	27,300	106.6

Compiled by the Division of Statistical and Historical Research, partly from information received through the Foreign Agricultural Service. Official sources and International Institute of Agriculture unless otherwise stated.

Notes on following page. Contd.-

Table 1.- Cotton: Acreage and production in countries reporting for 1931-32, with comparisons (continued)

Notes:

1/ Fourth forecast of acreage, which includes total area except late plantings.
2/ Second forecast of production which includes total crop except late plantings.
3/ Estimate of this Bureau.
4/ Based on official estimate of the Brazilian Government for northern Brazil (10 States) which during the past few years have produced a little over 80 per cent of the total Brazilian crop.
5/ Estimated as being between 155,000 and 176,000 bales.

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C-78 March 29,1932

WORLD COTTON PROSPECTS

Summary

Cotton textile mill activity during the first half of this season was higher than during the same period last season in most of the important cotton consuming countries of the world, according to the semi-annual report of the International Federation, states the Bureau of Agricultural Economics. The following are some of the important countries consuming more cotton during the first half of 1931-32 than in the same period last season with the percentage increases: United States, 6.8; Great Britain, 24.2; Japan,12.5; Germany, 12.1; Italy, 1.8; and India, 7.5. Due to the low prices of American cotton relative to prices of foreign growths the consumption of American cotton in most of these countries increased more than the total. In China there was a material increase in the consumption of American but the total of all kinds decreased slightly. Total mill consumption in France was almost 17 per cent below the first half of 1930-31, although only 6 per cent below the last half of last season. Consumption reports have not been received for other countries. Reports indicate that Brazil has been operating at a higher rate than last season. The net effect of all changes in the activity and consumption of the cotton mills of the world during the first half of the season resulted in an increase in the consumption of American and Egyptian of about 12.5 and 23.1 per cent, respectively, and a decrease of 9.6 and 6.4 per cent in the consumption of Indian and Sundries when compared with the same period last season. The New York Cotton Exchange Service estimates that World consumption of American was up 14.4 per cent. The total consumption of all kinds as reported by the Federation was up 2.7 per cent.

Mill activity in the United States since the end of January has continued above last year. In Great Britain mills are said to be more active than in either 1931 or 1930. On the Continent, the cotton textile industry is complaining of the competition from Great Britain and, with the exception of Germany and possibly Italy most of the countries are operating at lower levels than in the first quarter of 1931. Many continental countries are also hampered by relatively new import and export restrictions and currency difficulties. Japan and India continue to maintain their mill activity at high levels but in China the conditions around Shanghai have stopped most of the mills of that important center for a time. During the first of March some of the mills resumed operations and yarn production was estimated to be about 30 to 40 per cent of capacity compared with 10 per cent for a short period in February and 70 per cent or more of capacity earlier in the season.

The export movement of domestic cotton continues to be a bright spot in the raw cotton situation. Contrary to the usual seasonal decline in exports from January to February there was an increase this year of about 51,000 bales resulting in the largest February exports since 1927 and, with that exception, since 1915. The total for the season to the end of February was about 21 per cent larger this season than last and 12 per cent more than in the 1929-30 season. The large exports have no doubt been an important factor in the price advance which from October 5 to March 2 amounted to 1.88 cents per pound. From March 2 to March 21, however, a considerable part 0.34 cents of this advance was lost.

Reports on the movement of foreign cotton, as well as ginnings and production estimates, continue to point to a total foreign production at least 1,300,000 bales less than in 1930-31.

Prices

From the middle of February to early March cotton prices in domestic markets advanced almost one-half cent per pound and on March 2 the average of the 10 spot markets for Middling 7/8 inch was 6.77 cents which was 1.88 cents above the October low and the highest since early August when it became known that the crop would be large. From March 2 to March 21, however, prices declined about one-third cent per pound.

In general prices of American Middling 7/8 inch in foreign markets in terms of gold have moved somewhat like those in domestic markets. Prices of Indian cotton during February and March have shown less strength than American as may be seen from the accompanying table. For the first three weeks of March the average of three important types of Indian cotton averaged 90.2 per cent of American Middling and Low Middling at Liverpool, whereas in February they averaged 93.6 per cent and in January 95.7 per cent. Indian cotton, however, is still abnormally high relative to American.

Table 1.- Liverpool spot prices of Indian cotton expressed as a percentage of American, Liverpool by months, 1926-27, 1930-31 and 1931-32 1/

Month	1926-27	1930-31	1931-32
	Per cent	Per cent	Per cent
Aug.	85.6	61.2	82.1
Sept.	86.2	66.9	81.8
Oct.	89.6	71.0	86.6
Nov.	88.8	73.9	90.3
Dec.	90.5	71.9	90.9
Jan.	89.8	72.2	95.7
Feb.	90.0	75.2	93.6
Mar.	89.8	74.6	2/ 90.2
Apr.	89.7	74.6	
May	89.9	74.9	
June	90.9	78.5	
July	90.2	80.5	

1/ Average of Friday quotations for three types of Indian (fully good, broach; fine, Oomra; and fully good, scinde) divided by average on same days of American Middling and Low Middling.

2/ Average for first three Fridays of March. Only Friday quotations are available currently.

Stocks and Movement

Mill stocks of raw cotton at the end of January

The total stocks of raw cotton held by the mills of the world were about 1.1 per cent larger at the end of January this year than at the same time in 1931 while mill stocks of American were 11.7 per cent larger. This increase in American which amounted to 283,000 running bales was almost offset by the decreases in Indian (199,000 running bales or 16.4 per cent) and Sundries (38,000 bales or 5.1 per cent). There was an increase of 4,000 bales or 2.0 per cent in mill stocks of Egyptian.

American cotton

The 2,710,000 running bales of American cotton held by the mills of the world compares with 2,427,000 bales held on the same date in 1931, according to reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. Mill stocks of American at the end of January this year, while larger than a year ago, were smaller than for any other year since 1925 and were 272,000 bales or 9.1 per cent below the record stocks of 1926-27. A large part of the increase this year over last was due to increases in Japan and the United States and a small bale increase but large percentage (67 per cent) increase in China. Mill stocks of American in Great Britain were only 2,000 bales larger than in 1931. With the total stocks of American cotton at all localities the largest on record, and with the supply of American cotton this season 5,700,000 bales or 28 per cent larger than last season, it is apparent that spinners are carrying a much smaller proportion of the supply than in most years. From the standpoint of the number of months of supply on hand, however, the mills generally are fairly well stocked with raw cotton.

Indian cotton

The small supply and relatively high prices of Indian cotton have resulted in a decrease of almost 100,000 bales (16.4 per cent) in mill stocks of Indian cotton despite the fact that the consumption of Indian during the first six months of this season was almost 300,000 bales less than from August to January in 1930-31. Mill stocks of Indian cotton were the smallest since 1928 for that period of the year. While the stocks figures by countries are not available yet, it seems very likely in view of the large decline in imports of Indian cotton into Japan that a substantial decline in Indian stocks took place in Japanese mills.

Egyptian and Sundries

The Federation report showed very little change from last year in the mill stocks of Egyptian cotton, the increase of 2.0 per cent amounting to only 4,000 bales, but they were the third largest of the last twelve years.

The decrease of only 38,000 bales in the stocks of Sundries cotton held by mills probably reflects some increase in stocks of Russian cotton perhaps partially offsetting a decrease in Chinese cotton. It is reported that the short crop and unsettled conditions in China have greatly reduced the receipts of Chinese cotton this season. A year ago the report showed that Chinese cotton

constituted an unusually large proportion of the total stocks of Sundries cotton. The larger crops in Russia and Brazil make it seem likely that mill stocks in these countries may have increased somewhat.

Mill stocks of all cotton

The Federation's report on stocks of all kinds of cotton held by mills in some of the individual countries has been received. This shows that total mill stocks in Great Britain increased 8,000 bales or 4.5 per cent compared with a total increase in all mills of the world of 50,000 bales or 1.1 per cent. In Germany the total increased 26,000 bales from February 1, 1931 compared with February 1, 1932, or 15.4 per cent, in Italy there was a decrease of 8,000 bales, China showed a decrease of 16,000 bales, India 38,000 bales and France a decrease of 75,000 bales or almost 24 per cent. In the United States there was an increase of about 19,000 bales.

Apparent supply of American cotton in United States

There was a decrease in the apparent supply of American cotton remaining in the United States during February of 1,410,000 bales (440,000 bales consumed domestically and 970,000 bales exported) whereas in February 1931 the decrease amounted to only 852,000 bales. Both consumption and exports were larger in February this year than in 1931. The apparent supply still in the United States, however, was much above a year ago and was probably the largest ever held in the United States at this time of year. The total disappearance of American cotton (domestic consumption plus exports) for the first seven months of this season totaled 8,933,000 bales compared with 7,702,000 bales during the corresponding period of last season.

Exports from the United States

During February this year domestic exports amounted to 970,000 running bales compared with 433,000 bales in the same month last season and 402,000 bales in February 1930. February 1932 exports were the second largest for the month since 1915, and were only 8,000 bales less than in February 1927. The exports in February were 51,000 bales larger than in January, whereas there is usually a marked seasonal decline from January to February. During the past five years the decline has averaged about 126,000 bales or 17 per cent. The total exports for the first seven months this season amounted to 5,925,000 bales, an increase of 1,013,000 bales over the same period last season, and 632,000 bales larger than during August to February 1929-30, these exports were the second largest for the period since the 1926-27 season and were only 265,000 bales or 4.3 per cent less than in 1928-29.

The Orient continues to take large amounts despite the fact that cotton moving through Shanghai encountered considerable difficulties in the form of very high insurance charges and congested warehouse conditions. Many steamers discharged the cotton at Kobe, Japan, and at Hongkong. Exports to Japan during February were about four times as large as during February last year and were the largest monthly exports on record. Great Britain also continued to take more than last season and in February took more than twice as much as in February 1930. Germany took very little American cotton during the early part of the season, but during the last four months (November to February) has been

taking larger amounts than a year earlier and during February exports to Germany showed very little seasonal decline and were the largest for the month since 1927. Although exports to France were smaller this February than a year ago, exports to France along with those to Japan and the United Kingdom were larger than in January.

Exports of Indian cotton

During the four weeks ended March 10, 1932, total exports of raw cotton from India amounted to only 103,000 running bales, less than one-fourth as large as in the same period last year and only a little more than one-fourth as large as in the corresponding weeks in 1930. These export figures, which were taken from the Commercial and Financial Chronicle, show that during these four weeks exports to Great Britain, as well as to the Continent, were only slightly over one-fifth as large as in 1931 and exports to Japan and China a little more than one-fourth as large. Earlier in the season exports were higher relative to last season and the season before, but have been very low all season. The result is that for the season to March 10 total exports were 55 per cent below those of the August 1 to March 10 period last season. For this period total exports amounted to 1,002,000 running bales, a decrease of 1,209,000 bales as compared with 1930-31. This decrease would be equivalent to about 1,012,000 bales of 478 pounds and, as stated above, the exports of American have increased by more than this amount. As has been stated from time to time, this increase in foreign purchases of American and decrease in Indian is due to the relative prices of the two growths which in turn is due largely to the relative supplies of each.

Exports from Alexandria

During part of this season (particularly in October) Egyptian cotton prices were rather high relative to American cotton of somewhat comparable quality and during that period exports of Egyptian cotton from Alexandria fell considerably below those of a year earlier, but during most of the season Egyptian cotton prices have not been so high relative to American and during most of this period exports have been larger than during the corresponding period in 1930-31. From August 1 to March 9 total exports from Alexandria amounted to 695,000 running bales, an increase of 121,000 bales or 21 per cent over the corresponding period last season. During the four weeks ended March 9 exports totaled about 114,000 bales or about 38 per cent above those of the February 11 to March 9, 1931 period. For the season to March 9, purchases by the United States increased 7,000 bales from the very low level of 1930-31. Great Britain took 48 per cent more, an increase of 86,000 bales. The Continent and India combined showed an increase pf 27,000 bales or about 7 per cent according to figures carried in the Commercial and Financial Chronicle.

World visible supply of foreign cotton

On March 11 the visible supply of foreign cotton amounted to 1,826,000 bales, 30 per cent below a year earlier and 34 per cent below that of two years previous. Most of the decrease, as has been noted on previous dates was in the stocks at Bombay, and, only recently, stocks at Alexandria have become smaller than a year ago, as a result of the rather large exports and smaller receipts (since September 1) at Alexandria. Since August 1 receipts at

Alexandria have been above the same period last season, but receipts last August were unusually large due to the lateness of ginnings which has been explained previously (see World Cotton Prospects, February 29, 1932, page 15.)

Textile Situation

World consumption during the first half of 1931-32

From August 1 to January 31 this season the total world consumption of American cotton amounted to 5,940,000 running bales according to a report recently released by the International Federation of Master Cotton Spinners and Manufacturers Associations. This was an increase of 662,000 bales or 12.5 per cent over the corresponding period in 1930-31. There was an increase of about 200,000 bales in consumption both in the United States and Japan. Of the remaining 262,000 bale increase, China accounted for a little less than 100,000 bales and Great Britain slightly over 100,000 bales. Detailed reports are not yet available by countries, but in view of the fact that a total consumption of all cottons in Germany and Italy were larger than in the corresponding period last season it seems likely that these countries consumed more American cotton than in the first half of 1930-31. It should be noted that the New York Cotton Exchange Service is using a much larger estimate for Chinese consumption of American and that their world total for American is 6,150,000 bales or an increase over the same period last season of 14.4 per cent.

A substantial amount of the increase in consumption of American cotton, as reported by the Federation, was at the expense of Indian. During this period consumption of Indian amounted to about 2,724,000 running bales, a decrease of 289,000 bales or 9.6 per cent. The 23.1 per cent increase reported in the consumption of Egyptian cotton was a much larger percentage increase than took place in American although the increase amounted to only 91,000 running bales. Sundries cotton showed a decrease of 158,000 bales or 6.4 per cent from the first half of 1930-31. The increased consumption of American and Egyptian more than offset the decline in Indian and Sundries resulting in an increase in the total consumption of all cottons of 306,000 bales or 2.7 per cent. For the world outside of the United States there was a greater percentage increase in the consumption of American and Egyptian cottons than took place in the United States. Foreign consumption of American cotton during this period amounted to 3,372,000 bales compared with 2,901,000 from August to January 1930-31, an increase of 471,000 bales or 16.2 per cent. Foreign countries consumed about 100,000 bales more of Egyptian cotton which was equivalent to about 28 per cent increase.

Apparently the Federation did not receive returns from China, since it is reported that figures released for that country were estimated. From the report received from the Agricultural Commissioner at Shanghai it seems likely that the 250,000 bales of American cotton estimated by the Federation to have been consumed in China from August to January was too small although this figure represents more than 50 per cent increase from the same period last season. He reports that from October to January the estimated rate of consumption of American was 80,000 bales per month. This is about in line with the estimate released by the New York Cotton Exchange Service placing Chinese consumption of American at 464,000 bales.

World consumption of American cotton increased 311,000 bales or 5½ per cent as compared with the last half of 1930-31. Consumption of Indian was 123,000 bales less, Sundries only 64,000 bales less and Egyptian 27,000 bales more. From this it may be seen that the International Federation reported a larger consumption of American, Egyptian, and all cottons during the last half of 1930-31 than during the first half while consumption of Indian was smaller.

United States

During February domestic cotton consumption amounted to 450,000 running bales which compares with 435,000 bales in January and 433,000 bales in February 1931 according to figures released by the Bureau of the Census. The increase from January to February this season compares with an average decrease during the past five years of about 40,000 bales or 7 per cent. February this year, however, had twenty nine days. Total consumption for the first seven months of the season amounted to 3,081,000 bales, an increase of 188,000 bales or 6 per cent. Due to the decrease in domestic consumption of foreign cotton the total consumption of American cotton has shown a somewhat larger increase.

The February report by the Association of Cotton Textile Merchants of New York while not as favorable as that of January was on the whole encouraging with the weekly rate of production the highest for almost two years. Sales and shipments were larger and stocks decreased 5.7 per cent to 239,700,000 yards. These were the smallest stocks of cloth held by the members of this Association since comparable figures became available in January 1928. Unfilled orders at the end of February were, with the exception of a month earlier, the largest since the end of February 1931.

Great Britain

British mills consumed about 1,212,000 bales of raw cotton during the first half of this season according to the report of the Federation. This was an increase of 24 per cent or 236,000 running bales over the same period last season. During this period consumption of American cotton amounted to 609,000 bales compared with 493,000 bales a year earlier. Activity during the early part of the season may have been slightly above the first weeks of the 1930-31 season, but the greatest increase took place after Great Britain went off the gold standard in late September. Judging from forwardings of cotton to English mills the Lancashire mill situation in February and early March was in a more favorable position than either last year or the year before. Recent reports indicate that foreign trade in cotton textiles is expanding. During February exports of piece goods amounted to 180,500,000 square yards representing a slight increase over January, whereas during the past ten years exports in February averaged more than 5 per cent below those of January.

Continental Europe During February 1/

The Continental cotton textile situation in February was characterized by pessimistic reports from nearly all countries, notwithstanding the continued absence of significant new developments or tendencies. On the whole, new orders booked, mill activity and the stocks situation remained substantially unchanged, though varying somewhat from country to country, and with the weaving branch apparently a little stronger than the spinning branch.

The generally unfavorable economic situation continues to be the big factor in cotton textile outlook. While prices of raw cotton are low and textile output has been readjusted, by and large, to consumptive requirements, apparently a more definite prospect of an upward turn in demand must appear before the cotton trade and industry will feel safe in making large future commitments.

Spinner buying of raw cotton during February has been of fair volume in both central and western Europe, but purchases remained small in Italy. Continental spinners neglected Indian cotton because of its unfavorable parity with American, but Argentine and Peruvian cotton attracted considerable interest. In some central European countries the volume of recent buying of raw cotton hardly seems justified by actual requirements of the industry on the basis of present and prospective levels of activity, but may be explained, partially, by efforts to acquire real values at a time of unstable currencies. Price-fixing by continental spinners was generally in evidence, particularly after the middle of February, when the raw market assumed a firm trend.

Germany

The position of the German textile industry, both in the spinning and weaving branches, continues to be unfavorably influenced by British competition in the domestic market, as well as by the virtual impossibility of doing export business. Nevertheless, yarn sales by German spinners in February reflected somewhat increased buying of a short-term character in western Germany, though sales of yarn on the whole remained about unchanged in comparison with January, with new bookings and delivery calls against previous orders relatively small in volume. The continued loss in purchasing power incident to increased unemployment, notably in the western German heavy industry areas, is causing renewed cautiousness in buying by the distributing trade. Trade is particularly bad with the mills spinning coarse count yarns, i.e. the two cylinder mills, but fine spinning mills are also encountering increasingly unsatisfactory conditions because of British competition.

German cloth mills experienced some improvement in sales during February for summer goods, but the total volume of new bookings for the month as a whole was but little better than in January, when, however, some betterment was reported as a result of inventory sales and reduction in Christmas stocks of the trade. February buying from cloth mills continued to be of a generally short-term character, with prices remaining distinctly unsatisfactory. British competition is also much complained of by German weavers, who are encountering exceptional difficulty in regard to exports, the British market having been one of the most important consumers of various German specialty fabrics.

1/ Based largely on a report from Agricultural Attache' L. V. Steere at Berlin.

The development of sales during February and preliminary trade reports point to the probability that mill operations in both the spinning and weaving branches was fully maintained and possibly slightly increased during the month, in comparison with January levels, which were rather sharply below December operations.

The increasing tensity of competition in international textile markets, and particularly the effect of British competition, is rather strikingly confirmed by the German foreign trade statistics. January exports of cotton goods from Germany experienced a heavy drop, although German imports of cotton yarn and cloth increased, continuing a tendency evident since September when England went off the gold standard.

Raw cotton purchases by German spinners have been of fairly satisfactory volume throughout February, and the rising market during the second half of the month led also to considerable price-fixing. Purchases of East Indian cotton continued small, as a result of the unfavorable parity with American, but good interest was evident for Argentine and Peruvian cotton. American grades most in demand were Middling and Strict Low Middling, American shippers' offers of which were limited.

For the first half of this season cotton textile mill activity in Germany as measured by cotton consumption was slightly more than 12 per cent higher than during the same period last season and about 17.5 per cent greater than in the last half of 1930-31. It is likely that the consumption of American cotton increased even more due to the favorable price parity. The International Federations' report should be at hand before the next issue of this release.

Czechoslovakia

The development of new business continues unfavorable among Czechoslovakian cotton textile mills, with export sales the object of particular complaint. The rationing of foreign exchange in the important neighboring markets and the depreciation of the currency in numerous other countries continued, as for some months past, to limit seriously the foreign outlet for Czechoslovakian cotton mills, which are heavily dependent upon export business. Exports of cotton fabrics have fallen greatly since the autumn of 1931 and at the end of February were at the lowest level since 1925. Cotton yarn exports also dropped, but to a less extent. Domestic demand was reported holding up more satisfactorily, but was not of itself sufficient to counterbalance the poorer foreign sales.

As a result of the continued lethargy in foreign business, cotton mill activity in Czechoslovakia (December, 70 per cent against 78 per cent last year) remained low and seemed likely to continue restricted during the immediate future. The necessarily restricted consumption of cotton is clearly reflected in the reduction in imports of raw material to about 180,000 bales of 478 pounds in the five months ending December 1931, as compared with about 208,000 bales in the same period last year, a decrease of about 14.5 per cent. Imports in fact, have fallen to a greater extent than mill operations have declined, so, unless further restrictions in mill occupation become necessary, it seems quite probable that some revival of imports of raw cotton will be necessary in the next few months.

Austria

Austrian reports indicate no material change in the cotton textile situation during January and February. Definite figures on the rate of mill activity for these two months are still lacking, but it appears that operations were being maintained at better levels than prevailed a year ago, following the seasonal revival at the close of 1931.

Notwithstanding general complaints by the Austrian cotton industry as to the difficulty of obtaining foreign exchange for purchases of raw material, the trade statistics indicate that Austrian imports of raw cotton in November and December were relatively large, particularly in the latter month. It would appear that the restrictions on foreign currency are not so severe as claimed, in actual practice, or that the industry is finding means of evading the regulations. There is considerable reason to believe that the industry is converting its assets into raw material wherever possible because of the uncertainty of the currency situation, the Austrian schilling being at a considerable discount in foreign markets.

Prospects for the future development of cotton consumption in Austria continue very much dependent upon general economic developments, the present outlook for which is unfavorable. Efforts are now being made to overcome the numerous obstacles to international trade through the development of clearing agreements with the surrounding countries, as the early restoration of more normal trade relations with neighboring countries is regarded as of utmost importance.

France

The general level of new business and mill occupation in the cotton textile industry in France during February apparently changed little as compared with the previous month. Some trade reports indicated a rather good improvement in bookings by the mills at the close of February, with orders extending through June, but this seems not to be generally the case. The majority of reports stated that the volume of unfilled orders on hand was very low, and that mill activity was correspondingly restricted. Reports from Roubaix, Tourcoing and Rouen, and certain other centers, definitely stated that yarn sales in February were very slack. Some increase in bookings was experienced around the middle of the month, when raw cotton prices strengthened, but this tendency disappeared later. A small revival in yarn was again registered at the beginning of March, when sales by cloth mills to wholesalers showed some pick-up after being relatively quiet through most of February.

The general level of cotton textile mill activity as a whole in France, as previously stated, was indicated to be relatively low, with spinning mill operations apparently not much above those in December. Operations in the cloth mills, on the other hand, are somewhat more satisfactory, at levels slightly above those being maintained in December. Mill stocks of yarns were indicated to be higher than in December, with a slightly rising tendency still evident; unfilled orders for yarn were stated to be lower than two months ago. The position of the weaving branch is similar, i. e., stocks are now somewhat above those in December and unfilled orders on the books stand below the figures of two months ago.

Notwithstanding the fact that French consumption of raw cotton has been sharply reduced during 1931, imports of raw material have fallen to an even greater extent. In fact, trade reports intimate that French cotton spinners have extensive requirements to be covered during coming months. A thoroughly sound basis for this view is to be found in French cotton import statistics for the months August-December 1931, when the import movement amounted to only 235,000 bales of 478 pounds as compared with 800,000 bales in the same months last season, and 711,000 bales two years ago, a decrease of 71 and 67 per cent respectively. Cotton consumption from August to January was only 17 per cent lower this season than last. Mill stocks at the end of January this season were only 24 per cent less than a year earlier due to the record stocks held by mills at the beginning of the season. Unless mill activity is further reduced, it seems certain that France will require increased imports of raw cotton.

Raw cotton purchases by French spinners have been of fair volume during February and price fixing was periodically active, especially when the market showed a tendency toward strength.

The cotton textile industry in Alsace has recently been endeavoring to secure more effective protection against foreign goods in the form of import contingents, as well as improvement of credit facilities, which appear to be relatively inadequate under the rigorous credit policy being pursued by French banks.

During the first half of this season total consumption of all cotton in French mills was about 100,000 bales less than during the same period last season, a decrease of almost 17 per cent. Compared with the preceding six months, however, the decrease amounted to only 31,000 bales or about 6 per cent.

Mill stocks of raw cotton at the end of January this year were about 24 per cent or 75,000 bales less than a year earlier. In view of the very low level of imports, stocks would have been even lower except for the unusually large stocks at the beginning of the season. At that time mill stocks of all cotton were about 13 per cent larger than at the previous peak for the corresponding period in more than a decade.

Italy

Comparatively little change in the Italian cotton textile situation has been reported during the month of February. Business in both cotton yarn and fabrics was relatively quiet during the month, but production was being held at such restricted levels that stocks of yarns and goods showed no tendency to accumulate. The end of the month was marked by a somewhat better demand for both cotton yarns and cloth, but margins for both spinners and weavers continued unsatisfactory.

The figures on cotton mill activity in Italy continue to show relative stability in operations, at levels approximating those of a year ago. Yarn sales continue to exceed output by a small margin and mill stocks of yarns are still receding slowly. Unfilled orders are holding at about the level prevailing since November.

Italian spinners' purchases of raw cotton during February remained relatively small with interest confined mainly to spot cotton. Price fixing was of fair volume.

Total cotton consumption in Italy during the first half of the season was reported at 400,000 running bales or 7,000 bales larger than this period last season and 10,000 bales larger than the last half of 1930-31. Mill stocks of all kinds of cottons at mid-season were 8,000 bales less than a year earlier. The larger imports of American cotton and smaller imports of other cottons indicate that perhaps consumption of American increased more than the total.

Holland

Growing British competition has begun to make itself felt in Holland, where the Dutch cotton industry, particularly the weaving section, was encountering steadily increasing difficulty in disposing of its output. Demands are now being made of the Government for protection against British goods. The strike which has also been restricting production in the Dutch cotton industry, was still unsettled at the end of February.

Belgium

Belgium, which is dependent upon export outlets for its cotton textile industry, has been encountering steadily increasing difficulty in recent months. Sales to Great Britain were greatly hampered by the new import tariff and the depreciation of the pound, and business with other countries was also restricted by the depression and the numerous barriers against foreign goods which have been erected in recent months.

Poland

No significant change was indicated in the Polish cotton situation in February. Prices were very unsatisfactory, and production and sales materially reduced. Much uncertainty prevailed as to the success of the Government's efforts to bring order into the chaotic competitive situation which exists among Polish mills.

Latest reports mention plans to create a central selling office for the spinners' cartel to which the bankers are said to be willing to give their financial support. It is still too early to judge whether anything tangible will come out of this proposal.

Polish imports and exports of cotton goods have undergone considerable further contraction in recent months, particularly so in the case of imports. As compared with two years ago, cloth exports now show a great decline, with a net outward movement in the five months ended December 1931 of 674,000 pounds, as compared with 2,194,000 pounds in the corresponding period of 1929. Net imports of raw cotton, also materially reduced, were equivalent to 99,000 bales of 478 pounds in the five months ended December 1931, as compared with 135,000 bales the previous year, 111,000 two years ago and 131,000 bales three years ago. A recent report on spinning mill activity in Poland showed the following figures:

During the first week of October ... 89 per cent, November ...87 per cent
" " " " " December .. 76 " " January ... 77 " "

Russia

January production of cotton fabrics amounted to 218,576,000 yards, or 94.9 per cent of the monthly plan. Production declined somewhat as compared with the preceding month in the case of finished fabrics, but an increase was evident in yarn mill output. The average daily cotton fabric production in January this year increased 4.4 per cent as compared with the corresponding month a year ago, but was below those of 1928, 1929 and 1930.

Production during the first three weeks of February amounted to 143,543,000 yards compared with 137,046,000 yards during the corresponding three weeks in January. The plan was reported executed by 83.5 per cent for finished fabrics and by 92.5 per cent for yarn.

China

The cotton situation at Shanghai has improved somewhat since the previous issue of World Cotton Prospects. Yarn production by the middle of March had recovered partially from the low point reached during the fighting and was estimated at about 35 per cent of capacity. A few months ago activity was perhaps 70 per cent or more of capacity. Japanese mills in China had not resumed operations by March 15 and no decision had been made by Japanese mill owners as to resumption of activities, but conditions may permit certain mills to start before the end of March, according to cabled advice from Agricultural Commissioner Dawson at Shanghai.

The congestion in the storage of raw cotton still exists. Small amounts of cotton are delivered to mills through commission firms taking delivery orders for yarn and piece goods, the payment for these orders being set off against the cotton delivered to mills. This arrangement is said to be experimental and slow of operation and will relieve the tight money situation only in part. A small amount of business was being done for cash, the report states. Improvements in the native banking situation which will permit the regular procedure in the clearing of orders was progressing but slowly.

Average monthly consumption of American cotton in China from October to January has been estimated at about 80,000 bales but fell to about 12,000 in February. March consumption will also fall much below expectations of a month or so ago due to the reduction of activity in Shanghai mills. In contrast with the high rate of consumption of American cotton indicated by reports from Agricultural Commissioner Dawson consumption from August through January was reported by the Federation at 250,000 bales for the half year or 41,800 bales per month. Very probably the rate of consumption of American during the latter part of this six months period was higher than earlier in the season, but this is not sufficient to explain the variance between the rate reported by Agricultural Commissioner Dawson and the report of the International Federation. The New York Cotton Exchange Service is using an estimate of 464,000 bales for the half-year ended January 31, 1932 or an average of a little over 77,000 bales per month. Even the Federation's report showed an increase of 52.4 per cent in the consumption of American cotton over the first six months of 1930-31.

Native cotton arrivals at Shanghai were reported as very small, but, due to the difficulty in moving stocks there was little concern about this situation.

The demand for yarn in South China was fair at mid-March, but the future is uncertain because of the uncertainty of general business conditions.

India

In India mill activity has been almost at record levels this season despite the fact that the supply of domestic cotton has been small. During the first half

of the season total mill consumption of all cotton amounted to 1,333,000 running bales, an increase of almost 8 per cent over the like period last season according to statistics given out by the International Federation. The same report gave the consumption of American as 69,000 bales, almost six times as large as in the first half of 1930-31. The above total is larger than that reported for first half of any season for more than a decade and in view of the smaller number of spindles operating in India prior to that time and the greater dependence upon imported cloth and yarn it is very probable that this was the largest amount of cotton ever consumed in Indian mills during a 6-month period ended January 31, although the consumption during the second half of 1926-27 exceeded this amount.

The boycott of foreign goods has been an important factor stimulating mill activity in India. The large requirement of the Indian mills, which generally use less than 10 per cent foreign cotton, and the very short supply of Indian cotton has reduced the exportable surplus of Indian cotton. These conditions have been very favorable from the standpoint of American cotton.

Japan

Total imports of raw cotton during January amounted to 318,000 bales compared with 337,000 bales in December and 246,000 in January 1931, according to a cable from Consul Donovan at Kobe. American imports equalled 213,000 bales in January and Indian 72,000 bales. As pointed out on page 6 American cotton leaving the United States in February destined for Japan was the largest for any month on record. Sales to mills of American cotton from August to early March was reported at 1,800,000 bales and it has been estimated that mills have purchased sufficient raw cotton to meet their requirements for the next six months. As pointed out in the discussion of exports, the heavy movement of American cotton to Japan is due in large part to the relative prices of American and Indian. The heavy purchases were no doubt stimulated by the expectation of the abandonment of the gold standard.

During the first half of the season Japan is reported to have consumed about 630,000 running bales of American cotton which is an increase of 204,000 bales or 47.9 per cent over the like period last season. This is the largest amount of American cotton ever consumed in Japan during a 6-month period. The total consumption of all cotton in Japan during the six months ended January 31, 1932 was reported at 1,396,000 bales an increase over the first period of 1930-31 of 12.5 per cent. The total consumption was smaller than in a number of half-year periods in previous years, but a larger proportion of American cotton was used than ever before. American cotton amounted to 45.1 per cent of the total number of bales of all cotton consumed. During the last half of 1926-27 American cotton amounted to 44.0 per cent of the total Japanese consumption. This was the highest percentage previously consumed. At present the proportion of American cotton being used is probably considerably higher than the average proportion for the first six months of the season. At the January rate of cotton consumption which was the highest for about two years, the consumption of American cotton during the last half of 1931-32 would be much higher than during the first half. It should be noted, however, that Japan's textile export business has recently declined to the lowest levels since early in the 1927-28 season and that exports of cotton textiles are very important in the Japanese industry. Better relations with China, her chief foreign market would no doubt bring increased exports.

It is reported that the curtailment rate which has been in effect for some time may be reduced on July 1 for a period of three months. Also it has been estimated that between February and December 1932 something over 500,000 new spindles will be added to the various Japanese mills. At the end of January there were about 6,138,000 spindles in operation and by the end of June this number is expected to have been increased by 5 per cent.

Yarn production in January was about the same as in December (about 229,000 bales of 400 pounds). This was the largest monthly consumption for nearly two years. Visible stocks of yarn at the end of January were smaller than a month earlier but were much larger than a year earlier.

With such heavy importations of cotton, naturally stocks of raw cotton have accumulated since consumption has not equalled imports. If the mill stocks figures reported by the Federation include only that portion of the stocks owned by mills which were held in mill warehouses, as was the case last year, then these stocks figures plus the total port stocks give us a total stocks figure. The Federation reported 231,000 bales as the mill stocks of American cotton at the end of January. Adding port stocks to these mill stocks gives a total of 483,000 bales. This amount plus exports from the United States in February would give Japan something like 879,000 bales, which is considerably more than the consumption during the first half of the season.

Production, Acreage and Crop Conditions

United States

The final ginnings report released by the Bureau of the Census shows the total ginning for the 1931 crop to be 16,596,000 running bales (counting round as half bales) averaging 514.0 pounds gross the equivalent of 17,061,000 bales of 478 pounds net or 500 pounds gross. The 1930 crop amounted to 13,932,000 bales of 478 pounds. This represents an increase of 3,129,000 bales or 22.5 per cent as compared with last season's crop and is less than 1 per cent or 143,000 bales larger than the December estimate of the Crop Reporting Board of this Bureau. The 17,061,000 bales is second only to the record crop of 1926 which totaled 17,977,000 bales. The crop just harvested, however, was produced on a much smaller acreage than that of 1926, the yield per acre this season being the largest since 1914. From the accompanying table it may be seen that Texas alone produced 5,322,000 bales or almost 1-1/3 million bales more than in 1930. The Arkansas crop also increased more than a million bales and reached a new all time record for that State. Most of the increase in the 1931 crop took place in Texas, Arkansas, Oklahoma, Mississippi, Tennessee and Louisiana. The Southeastern States (North Carolina, South Carolina, and Georgia) as a whole had smaller crops than in 1930 although South Carolina was approximately the same as in 1930. Alabama's 1931 crop was also smaller than that of 1930. Except in Georgia these decreases were due to large decreases in acreage as the yields were higher than in the previous year. The yield in Georgia, however, was probably slightly lower than in 1930.

Preparations for the 1932 domestic crop are reported as below normal. Weather conditions in much of the Cotton Belt were very unseasonal during the first half of March. During February fertilizer tag sales in eight States were only 54.8 per cent of February 1931 and only a little more than one-fourth as large as in 1930. For the three months December through February, tag sales were about half as large as in these months last season and 27 per cent as large as in the same period in 1929-30.

Table 2.- Cotton, American: Ginnings for the crops of 1929, 1930, and 1931 1/

State	Running bales (Counting round as half bales)			Equivalent - 500 pound bales		
	1929	1930	1931	1929	1930	1931
	Bales	Bales	Bales	Bales	Bales	Bales
Ala.	1,307,664	1,444,886	1,384,865	1,341,550	1,473,287	1,419,527
Ariz.	149,467	150,545	110,191	152,839	153,409	114,300
Ark.	1,395,869	863,443	1,822,118	1,434,660	874,356	1,892,053
Calif. ...	254,126	256,337	170,660	258,559	263,766	175,962
Fla.	29,849	51,118	43,405	28,578	50,306	43,164
Ga.	1,339,835	1,597,475	1,394,400	1,342,643	1,592,539	1,393,334
La.	797,727	704,750	875,989	808,825	714,529	899,274
Miss.	1,875,979	1,458,483	1,703,472	1,915,430	1,464,311	1,744,295
Mo.	220,907	153,337	279,583	219,932	150,955	288,189
New Mex. .	86,296	95,841	93,765	88,450	98,462	98,127
N. Car. ..	767,043	800,582	771,127	747,208	774,734	756,237
Okla.	1,125,614	856,748	1,235,489	1,142,666	853,584	1,260,745
S. Car. ..	833,054	1,015,273	1,010,325	830,055	1,000,892	1,004,786
Tenn.	504,282	371,433	579,955	515,774	370,912	594,451
Tex.	3,803,211	3,886,126	5,068,320	3,941,626	4,039,136	5,321,987
Va.	47,991	42,713	42,190	47,527	41,952	42,434
All other States .	8,877	6,423	11,666	8,539	6,467	11,907
U. S.	2/14,547,791	2/13,755,518	2/16,595,780	14,824,861	13,931,597	17,060,772

Compiled from the preliminary report of the Bureau of the Census.

1/ Excluding linters.

2/ Includes 7,307 bales of the crop of 1931 ginned prior to August 1 which was counted in the supply for the season of 1930-31, compared with 78,188 and 86,974 bales of the crops of 1930 and 1929.

The statistics in this report for 1931 are subject to revision. Included in the figures for 1931 are 96,895 bales which ginners estimated would be turned out after the March canvass. Round bales included are 621,060 for 1931; 524,277 for 1930; and 572,227 for 1929. American-Egyptian bales included are 13,756 for 1931; 23,712 for 1930; and 28,771 for 1929.

The average gross weight of bale for the crop, counting round as half bales and excluding linters, is 514.0 pounds for 1931; 506.4 for 1930; and 509.5 for 1929. The number of ginneries operated for the crop of 1931 is 14,151 compared with 14,508 for 1930; and 14,868 for 1929.

Egypt

Up to March 1 total ginnings of Egyptian cotton including Scarto (very low quality cotton) amounted to 1,135,000 bales of 478 pounds, according to a cable from the International Institute of Agriculture at Rome. This is equivalent to about 82 per cent of the average ginnings to that date during the three previous seasons. The total crop is forecast at 1,286,000 bales which is equivalent to about 75 per cent of the average of the three crops 1928-29 to 1930-31. It should be noted in these comparisons, however, that ginnings last season were not normal as pointed out previously. Ginnings of Sakellaridis cotton up to March 1 totaled 216,000 bales equivalent to 55 per cent of the average ginnings of this variety during the previous three years. Ginnings of other varieties totaled 887,000 bales, about 93 per cent of the average. The large decrease in Sakellaridis is a result of the large decrease in the acreage planted to Sakellaridis. It will be remembered that the Egyptian Government passed a law restricting cotton acreage in the three principal Sakel producing provinces to 40 per cent of the area in cultivation.

Russia

As was the case in 1931, Russian procurings of cotton apparently slackened considerably during the month of February and fell greatly below the plan. Prospects for a full execution of the cotton procuring plan are very unfavorable, as there is little likelihood that any significant amount will be procured from now on.

The Russian cotton crop has apparently been overestimated again this year, although definite estimates of the Government are still lacking. Recent information points to lower yields than were counted on in the plan. At a recent conference it was stated that the yield amounted to 625 pounds per acre of unginned cotton as compared with 910 pounds per acre in the plan. On the basis of the revised area of 5,281,000 acres previously reported sown to cotton in 1931, this would mean a total crop of about 1,496,000 tons of unginned cotton or about 2,100,000 to 2,280,000 bales of ginned cotton, depending upon the ginning outturn. An article in one of the leading papers recently indicated, however, that the yield of cotton fibre amounted to about 170 pounds per acre which would mean a fibre crop of only 1,878,000 bales. Both these figures, although rather indirect indications of the outturn of the 1931-32 cotton crop, confirm our views that the crop, was considerably below the 2,550,000 to 2,700,000 bales indicated as official expectations earlier in the season. The lower figure is essentially identical with this Bureau's estimate of 1,900,000 bales for the 1931 crop.

The commencement of spring ploughing was reported in Middle Asia during the last week of February and preparations are now going on for the approaching spring sowing campaign. The pace of the preparatory work, however, is regarded as too slow, and the press is indicating the necessity of prompt execution of all preparations in order to enable timely sowings.

This year's cotton planting plan is fixed at 6,022,000 acres and the Government has set itself the goal of attaining a yield of 776 pounds of unginned cotton per acre. A yield of 776 pounds of unginned cotton or about 237 to 256 pounds of ginned cotton per acre is not unusual, the average pre-war yield of ginned cotton in Russia having amounted to 275 pounds per acre. A

yield of 261 pounds was harvested in 1928-29 about 181.5 pounds in 1927-28, and 241.3 pounds in 1929-30. The increased share of the "new" cotton regions, which now constitute about 16 per cent of the total cotton acreage of the Union is probably largely responsible for the lower yields harvested during the past two years, although late sowings and poor cultivation of the soil were also unfavorable factors.

Anglo-Egyptian Sudan

The Sudan Government is now estimating the 1931-32 cotton crop in that country at 174,000 to 179,000 bales of 478 pounds according to a cable from Cotton Specialist P. K. Norris at Cairo, Egypt. This compares with a final estimate last season of 108,000 bales. The crop this season is being produced on an area about 8 per cent smaller than in 1930-31 which means that the yields per acre now being harvested are much above the very low yields of the previous season. It will be remembered that the 1930-31 crop suffered severe damage from diseases known as "Black Arm" and "Leaf Curl". Should the crop prove to be as large as estimated then the yields this season will be unusually high. The estimate places the production of Sakellaridis at 155,000 to 160,000 bales compared with the 1930-31 production of Sakel of 83,000 bales. The estimated production of all others is 19,000 bales and compares with 23,000 bales last season. It was the crop in the Sakel producing area, mainly the Gezira which suffered most severely from diseases last season.

Up to March 1 a total of about 108,000 bales or 60 to 62 per cent of the estimated crop had been harvested, according to the report. Up to that time 91,000 bales or 57 to 59 per cent of the estimated Sakellaridis had been harvested and 17,000 bales of the estimated 19,000 bales of all others.

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Cotton
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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-79

April 28, 1932

WORLD COTTON PROSPECTS

Summary

Exports of domestic cotton continued during March at the highest levels since 1914-15 with the exception of 1926-27 and were 53 per cent larger than in March 1931, according to the Bureau of Agricultural Economics. This heavy export movement was again largely the result of takings by Japan and China although France took the largest amount for the month of March since 1918-19. In contrast with the unusually large movement of American cotton, the exports of Indian cotton during March were the smallest for a like period for more than twenty years. Exports of Egyptian cotton during March were higher than in March last year.

These large domestic exports during March were responsible for the large decrease during the month in the supply of American cotton remaining in the United States, as domestic consumption was smaller than in most recent years. The apparent supply remaining in the United States on April 1 was still about 3,500,000 bales larger than a year earlier and 5,900,000 bales larger than two years earlier.

There is little doubt that the world consumption of American cotton in March was higher than in the same period last year, since consumption of American cotton in the United States during March was about the same as last year, and consumption in many of the important foreign countries larger than a year ago. This is largely due to activity in the Orient, Great Britain and Germany. In the Orient the large amount of American cotton being consumed is not so much a result of increased mill activity as it is the use of much larger proportions of American cotton.

The new domestic crop is now being planted in many sections and in other sections preparations are being made for planting. Apparently the producers are again reducing their expenditures in response to low prices and incomes. Fertilizer sales through March were the lowest for more than a decade and sales of horses and mules were the lowest since 1920-21.

Prices

Spots From early March to the middle of April prices of American cotton in domestic markets declined almost 1 cent per pound which at the level of prices existing was equivalent to about 14 per cent. The average of Middling 7/8 in the 10 markets on April 18 had declined to 5.82 cents per pound , but was still almost 1 cent per pound above the low point reached last October. The cotton market during March and early April was apparently dominated by developments in other speculative markets and industries rather than in any developments in the raw cotton or cotton textile situation during this period.

There was an even greater decline in the price of Indian than in the price of American during the period under review. Indian cotton has been getting cheaper relative to American almost steadily since January. This resulted in the price of American during the first part of April averaging the highest relative to Indian since last October. The greater weakness in Indian prices during the past few weeks is probably explained by the relative increase in receipts of Indian cotton at Bombay, whereas exports from India dropped even further below previous years than they had been earlier in the season. (See section on Exports of Indian cotton, page 3 .) Despite the relative declines in prices of Indian cotton recently, however, it is still higher than usual when compared with American cotton.

Futures The futures markets for American cotton have shown a slightly weaker tendency during the past few weeks than have spot prices and as a result the basis (the difference between spots and futures) is now about as narrow as it has been for many months. Around the middle of April New Orleans spots were even selling above New Orleans May futures. The strong holding movement throughout the season and the unusually large demand from the Orient for spot cotton are important factors in this respect.

Stocks and Movement

Exports of American cotton

Domestic exports during March continued at the highest levels since the 1914-15 season with the exception of 1926-27, the movement for the month totaling 927,000 running bales which was 322,000 bales or 53 per cent larger than during March 1931, and was only 157,000 bales or 14 per cent smaller than in March 1927. The Orient, particularly Japan, continues to take record amounts. Most other important foreign markets continued to take larger amounts than last season and France for the first month this season took a larger amount than last season. The 87,000 bales exported to France in March was 50

per cent larger than a year earlier and was the largest for the month since the 1918-19 season. For the first eight months of the season total exports amounted to 6,854,000 bales. This was 1,336,000 bales larger than during the same period last season and was the largest for a like period since the 1913-14 season with the exception of 1926-27.

Exports of Indian cotton

Exports of cotton from India for the eight months August through March this season were only about 44 per cent as large as during last season, less than half as large as during the 1929-30 season, and were the smallest for a like period since 1918-19. For the four weeks ended April 7 exports from India were only one-third as large as during the same period last year and less than one-fourth as large as during the corresponding four weeks of the 1929-30 season, and were the lowest for the month of March since sometime prior to 1910.

The small exports have been associated with small receipts at Bombay almost all season, but during the month of March receipts were between 75 and 80 per cent as large as during the corresponding periods of the two previous seasons whereas from August 1 to the first part of March they were considerably less than half as large. The pick-up in receipts and the further decline in exports probably explains why the prices of Indian cotton have been weaker than those of American during the past few weeks.

Exports of Egyptian cotton

Exports from Alexandria, Egypt continue to run materially higher than during last season. For the four weeks ended April 6 the movement of Egyptian cotton to foreign countries was 19 per cent larger than a year earlier, and from August 1 to April 6 the movement was 21 per cent greater this season than during 1930-31, and was 12 per cent higher than in 1929-30, and was the highest since 1924-25 with the possible exception of 1928-29. Receipts at Alexandria have been only about 1 per cent larger than last season, but stocks at the beginning of the season were very large and they are still, even though exports have been unusually large.

Visible supply of foreign cotton

On April 8 the total visible supply of foreign cotton amounted to 1,940,000 bales which was about 600,000 bales or 24 per cent less than a year earlier, according to data obtained from the Commercial and Financial Chronicle. During the four weeks ended April 8 the visible supply of this cotton increased 114,000 bales, whereas during the same period last year there was a 68,000 bale decrease. The increase this year was due largely to the larger increase in stocks at Bombay during this season than during the same period last season. During this period last season receipts at Bombay were only about 20 per cent larger than this year, while exports were 200 per cent larger than this year, therefore, Bombay receipts increased more this season than last.

Apparent stocks of American cotton in United States

On April 1 this year the apparent supply of American cotton remaining in the United States amounted to 12,984,000 bales compared with 9,472,000

bales a year earlier, 7,076,000 bales on April 1, 1930, and was the largest amount ever held in the United States at this time of year. The decrease in the supply remaining in the United States (consumption plus exports) during the month of March was considerably larger than the decrease in any other year since 1927. The large decrease was due to the export movement as consumption was about the same as in March last year and was less than in other recent years.

World mill stocks on January 31, 1932

The accompanying table shows the stocks of raw cotton held by mills on January 31, 1932 and comparisons with a year earlier in the 13 countries consuming the largest amount of American cotton during the first half of the present season. From this it may be seen that most countries had larger stocks of American cotton at the end of January this year than a year earlier and that the total mill stocks were 11.7 per cent larger. It should be noted, however, that mill stocks of American on January 31, 1931 were the smallest for that period since 1925 and that stocks this year were the smallest since 1925 with the exception of 1931.

Mill stocks of Egyptian cotton at mid-season was considerably higher in a large number of countries, but the total in all countries increased only 4,000 bales or 2 per cent. Indian cotton held by mills of the world was 16.4 per cent or 199,000 bales less on January 31 this year than last year. This decrease in Indian, which with a small decrease in sundries, was almost enough to offset the increase in American. The total stocks of all kinds was only 50,000 bales or 1.1 per cent larger than at mid-season in 1930-31.

Table 1.- Cotton mill stocks by growths in specified countries on hand January 31, 1932 and percentage change from stocks on January 31, 1931

Country	American		Indian		Egyptian		Sundries		Total	
	Jan. 31, 1932	Percentage change	Jan. 31, 1932	Percentage change	Jan. 31, 1932	Percentage change	Jan. 31, 1932	Percentage change	Jan. 31, 1932	Percentage change
	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent
United States 1/	1,582	+ 4.1	17	+ 6.2	19	+ 56.8	13	- 13.3	1,631	+ 2.3
Japan	231	+ 68.6	103	- 14.2	15	+ 66.7	3	- 80.0	352	+ 25.3
Great Britain	67	+ 3.1	12	- 58.6	37	+ 12.1	70	+ 37.3	186	+ 4.5
Germany	136	+ 44.7	27	- 42.6	19	+ 35.7	13	- 7.1	195	+ 15.4
China 2/	70	+ 66.7	80	+*12.7	1	0	200	- 20.9	351	- 4.4
France	134	- 18.8	62	- 29.5	25	- 54.2	20	- 20.0	241	- 23.7
Italy	135	+ 5.5	32	- 39.6	14	+ 75.0	5	- 28.6	186	- 4.1
Czechoslovakia	50	- 31.6	6	- 62.5	3	0	3	0	62	+ 3.3
Spain	26	+ 18.2	3	- 70.0	8	+ 14.3	2	- 50.0	39	- 9.3
Canada	62	+ 6.9	-	-	2	0	-	-	64	+ 6.7
Poland	8	- 27.3	1	- 66.7	2	+100.0	-	-	11	- 35.3
Belgium	58	+ 65.7	33	- 10.8	4	+100.0	11	- 45.0	106	+ 12.8
India	32	+146.1	609	- 12.2	19	+ 35.7	33	+230.0	693	- 5.2
All others	119	+ 20.2	28	0	38	+ 46.2	373	+ 14.4	519	+ 7.9
Total	2,710	+ 11.7	1,013	- 16.4	206	+ 2.0	707	- 5.1	4,636	+ 1.1

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufactures' Association.

1/ The Bureau of the Census reports mill stocks in the United States as follows, American, 1,582,000 running bales, foreign 55,000 bales, all kinds, 1,637,000 bales.

2/ No returns received. Figures were estimated by the International Federation from trade sources.

Textile Situation

The detailed report of the International Federation of Master Cotton Spinners' and Manufacturers' Associations has been received, which shows mill consumption of raw cotton in some 25 countries during the first half of this season. The report shows that of the 24 countries which reported the use of American cotton, 16 showed an increase over the first half of 1930-31, and 8 reported decreases. There were 19 countries using Indian cotton, and 2 of them used the same amount as a year earlier, 15 countries used a smaller amount and 2 showed an increase. Of the countries using sundries cottons, which includes such cotton as Russian, Chinese, Brazilian, Peruvian, and that

grown in all the small producing countries, there were 5 which reported the consumption of larger amounts, 12 showed smaller consumption and 5 reported the same amount as in August to January 1930-31. In the case of Egyptian cotton there were 11 increases, 4 decreases and 3 unchanged. From this as well as from Table 1 and Table 2 it may be seen that there was a considerable shifting from Indian and sundries to the use of American and in some countries to Egyptian.

Table 2.- Changes in cotton consumption from the first half of 1930-31 to the first half of 1931-32, by types of cotton

Item	American	Indian	Egyptian	Sundries	All kinds
	Number	Number	Number	Number	Number
Countries showing increase	16	2	11	5	14
Countries showing decrease	8	15	4	12	11
Countries showing no change	0	2	3	5	0
Countries showing no consumption either season...	1	6	7	3	0
Total countries reporting..	25	25	25	25	25

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

When the preliminary consumption report of the International Federation was released, the report of Chinese Mill-owners Association giving the mill consumption in China had not been received. In the report of the Federation the estimates carried for cotton consumption in China for the first half of the season were as follows: American 250,000 bales, Indian 220,000 bales, and sundries 675,000 bales. The Chinese Millowner's report showed the consumption of these growths as 432,000, 310,000, and 467,000 bales respectively. By accepting the International Federation's report for other countries and substituting the Millowner's report for China we have compiled data in Table 2 showing the consumption by growths during the first half of the 1931-32 season and also the percentage change in the consumption from the corresponding period of 1930-31 in the 13 countries consuming the largest amount of American cotton. From this it may be seen that Japan was the largest foreign consumer of American cotton and that she consumed almost 50 per cent more American from August to January this season than last. Great Britain who was the second largest foreign consumer of American during this period consumed 23.5 per cent more American than a year earlier, Germany 20.1 per cent more and China more than 2½ times as much as in the first half of 1930-31. India consumed almost 6 times as much American as in the like period last season, but that amounted only to 69,000 bales. France was the most important foreign consumer to use a smaller amount of American the first half of this season than last.

With the exception of India and China all consuming countries used less Indian cotton during the first half of this season than a year earlier and as a result the world total decreased 6.6 per cent or 199,000 bales. Most countries showed increases in the amount of Egyptian cotton consumed, and the total increased 23.1 per cent. Many countries shifted from the consumption of sundries which in many cases was due in part to smaller crops of sundries.

Table 3.- Cotton: Consumption by growths in specified countries, six months ended January 31, 1932 and percentage change from corresponding period in 1930-31

Country	American		Indian		Egyptian		Sundries		Total	
	Six months ended Jan. 31, 1932	Percentage change	Six months ended Jan. 31, 1932	Percentage change	Six months ended Jan. 31, 1932	Percentage change	Six months ended Jan. 31, 1932	Percentage change	Six months ended Jan. 31, 1932	Percentage change
	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent
United States 1/	2,568	+8.0	12	-45.5	26	-25.7	15	-25.0	2,621	+6.8
Japan	630	+47.9	719	-4.8	23	+53.3	24	-46.7	1,396	+12.5
Great Britain	609	+23.5	130	-0.8	152	+34.5	321	+34.3	1,212	+24.2
Germany . . .	437	+20.1	81	-30.2	44	+22.2	61	+52.5	623	+12.1
China 2/	432	+163.4	310	+11.5	4	+33.3	467	-36.5	1,213	+ 2.8
France . . .	308	-17.0	90	-25.6	60	+22.4	38	-29.6	496	-16.6
Italy	264	+10.0	96	-20.0	29	+31.8	11	0	400	+ 1.8
Czecho-slovakia . .	139	- 4.8	23	-54.9	13	+30.0	10	0	185	-14.7
Spain	125	+14.7	30	-30.2	24	0	7	-69.6	186	- 6.5
Canada . . .	104	+14.3	-	-	5	0	-	-	109	+13.5
Poland . . .	79	-14.1	7	-46.2	4	-20.0	2	-61.8	92	-24.0
Belgium . . .	77	+10.0	62	-21.5	3	-25.0	34	- 8.1	176	- 7.4
India	69	+475.0	1,175	+ 2.0	26	+52.9	63	+ 6.8	1,333	+ 7.5
All others	231	-13.0	79	-40.2	72	+28.6	1,060	-11.3	1,492	-12.5
Total 3/	6,122	+16.0	2,814	- 6.6	485	+23.1	2,113	-14.8	11,534	+ 3.3

Compiled from Reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations except as noted.

1/ The Bureau of the Census reports Consumption in the United States for the six months ended January 1, 1932 as follows: American 2,568,000 running bales; Foreign 63,000 bales. All kinds 2,631,000 bales.

2/ Consumption for six months ended January 31, 1932 are estimates of the Chinese Mill Owner's Association, which was not released in time for use in the International Federation's preliminary report.

3/ These totals include the estimate of the Chinese Mill Owner's Association for China.

United States

During March domestic mills consumed about 489,000 running bales of raw cotton which was an increase of 39,000 bales or 8.7 per cent over February which was about equal to the usual seasonal increase. The March consumption last year amounted to 491,000 bales. For the season to the end of March, total consumption amounted to 3,570,000 bales compared with 3,384,000 bales during the same period last season which means an increase of 5.5 per cent. Compared with the same period in the 1929-30 season, however, there was a decrease of 17.3 per cent. Due to the smaller consumption of foreign cotton during March this year compared with last, the consumption of American cotton was slightly larger than in March 1931. To April 1 this season consumption of American cotton in the United States has been 6.8 per cent or 221,000 bales larger than during the same period last season.

In the domestic cotton cloth industry developments were less favorable during March than during the previous months. During previous months sales of clot have held up fairly well and, although some increase in production had taken place, there was a downward trend in stocks. In March, however, sales fell to the lowest levels in many months. Production and shipments decreased only slightly and as a result stocks increased 8.2 per cent and unfilled orders decreased 26.4 per cent.

Great Britain

The cotton textile situation in Great Britain is apparently maintaining its improved condition. Forwardings of raw cotton to British mills during recent weeks have been larger than a year ago, and for the two weeks ended April 15 were the largest for the corresponding weeks since 1929. Piece goods exports during March showed more than the usual seasonal increase over February and the 202.6 million square yards exported were the largest for any month since May 1930 and were 48.5 per cent larger than in March 1931. Although yarn exports in March were only slightly above February, they were the largest for March since 1928 and were 28.7 per cent larger than a year earlier. Reports indicate that home trade for British textiles is fairly satisfactory.

Continental Europe 1/

The Continental cotton textile situation showed temporary seasonal improvement in the first half of March, when mills sales, raw buying and price-fixing increased, but gave way to general dullness in the second half on the decline in cotton on American markets. The critical condition of business, generally, and the recent aggravation of financial difficulties in central Europe have continued to prevent an early or real improvement in the continental outlook for cotton textiles, although the reduction of goods stocks has caused occasional flurries of buying.

1/ Based largely on a report from Agricultural Attaché L.V.Steere at Berlin, dated April 13,1932, supplemented by cable April 21.

The March reports from individual countries indicated for France fair improvement in both yarn and cloth orders early in the month followed by quietness thereafter. Lower American prices, and rumors of Farm Board intention to dispose of cotton holdings were factors in the duller trend. Italy experienced somewhat better interest on both yarns and cloth during most of the month, and Germany also maintained, at least in the early weeks, the slight revival evident in mill business during February. Czechoslovakia, Austria and Hungary felt only a slight seasonal pick-up, but in Hungary the mills are benefiting from restrictions on imports. Business was generally quiet in Belgium, Poland reported slow demand, but more optimism toward seasonal improvement.

Spinning and weaving mill activity over most of the Continent showed some seasonal recovery during March, following the quieter tendency during January and February. Improvement has been most noticeable in western Europe and Italy, but was also evident to some extent in central Europe. Spinner buying of raw cotton during March was of fair volume in western Europe, but restricted in central Europe and Italy, though a fair amount of price-fixing was reported virtually throughout the month from nearly all continental countries.

Egyptian Government sales of cotton on credit

Considerable attention has been directed in continental cotton circles to the recent negotiations by the Egyptian Government for the sale of Egyptian cotton on credit to some of the central European countries. According to press reports, representatives of Czechoslovakian cotton spinning mills have had negotiations with the Egyptian Government for purchases on the basis of six months credit, with the credits to be paid, on maturity, in Czechoslovakian currency. Trade reports have been quite sanguine of the negotiations resulting in a definite agreement. Hitherto Czechovakian purchases of Egyptian cotton have usually been paid for through three months' bank reimbursement credit on London.

Trade reports also indicate that similar negotiaions are in progress between Egypt and Austria. Austria is reported as desiring to buy from 10,000 to 20,000 bales of Egyptian cotton, which would be paid for by Austrian Government bonds due for redemption in two years in dollars or pounds. Trade reports to date intimate that it is almost a foregone conclusion that negotiations will actually be successful, with deliveries to start during the month of April. Similar negotiations are also reported for Hungary, to whose mills the Egyptian Government made certain sales of cotton in the fall on long-term credits payable in pengos.

Continental spinner takings

Continental spinner takings of American cotton, which showed an unusual advance during the four weeks ended February 20, have subsequently declined, though still holding above corresponding figures last year. Takings during the four weeks ended March 20, 1932, amounted to 294,000 bales as compared with 415,000 in the four weeks preceding, and 283,000 in the four weeks ended January 23. The movement of takings from March 20 into the early part of April indicates that some increase may again occur during the current month, unless a significant drop takes place soon. The improvement in continental takings since the end of the calendar year is strikingly indicated by the fact that whereas total American movement into spinners' hands from August 1 to the end of December, 1931, was

about 270,000 bales below last year, the total has now reached a point about equal to takings during the same period last season and there are some prospects that the movement during the remainder of the season will exceed that of last season.

Germany

The small seasonal revival in orders experienced by various sections of the German cotton spinning industry during February appears, on the basis of preliminary reports, to have been maintained or slightly improved upon during March, although information from certain centers continues pessimistic. Recent bookings, however, have been generally of a short-term character, and orders have been placed only with price concessions. Competition at home as well as from abroad continued keen, with markets under persistent pressure from British competition, notably in fine count yarns. Czechoslovakian offers are also giving difficulty. Export business remained very poor, although a few good transactions for export were made by textile distributors, notably to China.

Activity in German cotton textile mills appears to have undergone some seasonal pick-up during March, but improvement was not large and reflected no real change in the situation, as the weakness of raw material prices in recent weeks had a visibly dampening influence upon cotton trade sentiment.

While present conditions in the German cotton industry, in both the spinning and weaving branches, are not at all satisfactory, it should not be overlooked that there was a rather remarkable pick-up in the volume of operations during the fall and winter months and that output subsequently has been reasonably well maintained, considering the numerous and important handicaps with which the industry has had to struggle. Spinning mill activity increased about 20 per cent during the course of 1931, although it is true a drop of about 12 per cent occurred in January 1932. Cloth mills increased their operations in 1931 by about 25 per cent, with a recession of 10 per cent occurring in January of this year.

The situation is not too bright, judging from recent developments in export trade, was well as internal conditions. Exports of cotton goods have dropped off sharply in the past few months, particularly since the turn of the year, due, to no little extent, to a lack of orders from Scandinavia, England and the United States. At the same time, imports of cotton yarn have risen materially, and are now considerably above last year. These developments have made the industry very uneasy, and concerted action is being advocated for the hindrance of imports and the encouragement of export business.

Spinner buying of raw cotton at Bremen was relatively quiet during March, although the volume was fair in the first part of the month. Weakening prices and trade rumors about possible Farm Board sales of cotton holdings materially dampened interest later in the month. The volume of price-fixing, on the other hand, was quite important during March, though the strength of the "basis" caused the development of reluctance towards new commitments by merchants and spinners.

Czechoslovakia

A certain slight seasonal pick-up in sales by Czechoslovakian cotton mills and weaving establishments has recently been reported by trade observers, but the basic situation of the cotton industry nonetheless continues quite unfavorable, principally because of much restricted export outlets. Spinning and weaving mill activity, it is true, advanced slightly in February and March following the sharp decline in January, but the pick-up was purely seasonal and probably less than the normal revival in those months. The future trend of activity and raw cotton consumption continues very uncertain but does not now promise to show material change in the immediate future.

The Czechoslovakian textile industry, leaving nothing undone to maintain its competitive position in the export market, has recently been seeking to secure reductions in prices of products used in textile production where export goods are concerned.

Austria

A certain seasonal increase in orders for cotton yarn and cloth is reported from Austria in recent weeks, but the pick-up is fully within the limits of the revival usually experienced at this time of the year. It remains to be seen whether the improvement will be long maintained. It is still uncertain to what extent the improvement in orders has been reflected in mill activity, but a moderate stimulation seems probable following the heavy drop in operations in January, which had been preceded by rising activity in the closing months of 1931.

As time passes, it appears that Austria's relatively heavy imports of raw cotton in the past few months were due to anxiety about possible further restriction of currency allotments for raw material purchases, as well as uncertainty about the stability of the shilling. The opinion has certainly been held in some quarters that raw material was a better form of investment than a currency account.

Austrian reports continue to reflect concern about the possible hampering of mill operations by further restrictions in currency, an outlook which undoubtedly increases Austria's interest in current negotiations with the Egyptian Government for the delivery of cotton on long-term credits.

France

Contrary to the continued pessimistic reports on new business for cotton spinners and weavers in France during past months, early March reports for the first time in many weeks evince a somewhat more hopeful view, as a result of larger sales of cotton yarn and cotton goods reported from all important textile centers of the country. It is even reported that the revival in sales has enabled a certain reduction in yarn and goods stocks. During the second half of the month, however, this movement was halted as a result of the usual holiday quietness around Easter, the break in raw cotton prices in New York, and rumors of impending sales of Farm Board holdings.

French statistics on the position of the spinning and weaving mills show that an improvement in business is urgently needed. They reveal a picture of depression of a severity almost unknown in France, where economic movements as a rule are quite conservative. Spinning mill activity during the winter months declined to about 60 per cent, and unfilled yarn orders to only about 60 per cent of those in previous years, while yarn stocks per spindle were about 30 per cent higher. The picture differed little in the case of weaving mills, where activity during the winter months was only about 70 per cent, and unfilled orders about 60 per cent of last year, but stocks 30 per cent higher.

The development of the trade in cotton has also been striking, as raw cotton imports from the first of the season to the end of January were only 35 per cent of those of last year, or the previous few years. Raw stocks in France, therefore, appear to be very low and in need of augmentation. In fact, an improvement in raw cotton buying was registered during the month of March and a goodly amount of price-fixing was also reported, though around the Easter holidays business quieted, partially as a result of the declining raw market. It is reported that the Egyptian Government is also endeavoring to make cotton sales to France, possibly on a credit basis, and that considerable transactions are expected. These reports, however, lack confirmation.

Italy

The Italian cotton mill situation shows continued gradual improvement. Although raw cotton purchases of spinners and merchants were very small and without much encouragement from raw market developments during March, a good flow of yarn and fabrics business was registered in the important textile centers of the country.

The current statistics, on the whole, show that a slight but gradual improvement has been taking place. Mill consumption of raw cotton is running above last year, and the ratio of yarn sales to current output has been favorable ever since the end of October. As a result of these developments, stocks have declined steadily and are now considerably below last year, and even below 1929 and 1930. Unfilled yarn orders are indicated to be above last year's to the extent of 10 to 15 per cent, although still below 1929 and 1930 bookings. Mill activity in recent weeks has been maintained near the level of last year at this time. Raw cotton imports from the first of the season to the end of December are about the same as a year ago, but much below those of previous seasons.

Spain

Early March reports from Barcelona indicate that the Spanish cotton industry has experienced a considerable expansion during the past year. The equipment of the industry, moreover, is reported to be very modern with 90 per cent of production falling to mule spindles.

At the same time, reports were issued on the growing of cotton in Spain. According to these reports, the Government intends to reserve about 247,000 acres of land for the growing of cotton within the next five years, in the provinces of Sevilla, Cordoba, Cadiz, Malaga, Granada, Almeria, Toledo, Huelva, Badajoz and Caceres. The capital needed is to be supplied partly by the

Government and partly by the industrial credit banks, with redemption within ten years.

Hungary

Recent reports from Budapest indicate that textile imports into Hungary have been reduced considerably as a result of the Czechoslovakian-Hungarian tariff war and the severe foreign currency restrictions. Hungarian cotton textile mills, therefore, are now very well occupied. It is, however, feared that imminent trouble in obtaining currency, even for raw materials, may change the picture. The Egyptian Government, which had previously supplied raw cotton, is reported to have offered to make deliveries against payment in Hungarian currency, but the spinning mills hesitate to accumulate raw material, as the general situation seems too uncertain and domestic consumption is declining.

Russia

Cotton fabrics production in February amounted to 223.3 million yards and was 8.6 per cent above that of the preceding month, but still considerably below the same month in 1930 and 1929, and only slightly above that in 1928. Total output of finished fabrics during the first two months of the current year is reported at 11 per cent above that of last year, but the plan called for a larger increase than was actually attained; the non-execution of the plan amounted to about 8 per cent. Yarn production developed somewhat more favorably as compared with the plan, the total output in February having amounted to 27.6 thousand tons or 94.5 per cent of the plan, as compared with the 91.5 per cent of the plan completed in the case of cotton fabrics.

The same tendencies in cotton yarn and fabric production continued during the first three weeks of March, preliminary figures indicating that 81.3 per cent of the plan was produced in the case of fabrics compared with 89.2 in the case of yarn. The lag in fabrics production is reported to have led to a considerable accumulation of yarn stocks in the hands of the mills. Irregular and untimely delivery of raw material and fuel to the cloth mills and inability to coordinate the work of the different enterprises is complained of by the Soviet press.

On basis of the above figures, it seems that the quarterly plan(January-March) for finished fabric production will not be completed by about 13 per cent; a lag in yarn production as compared with the plan is also likely, although to a smaller extent than in the case of finished goods.

A recent article in "Economic Life" indicated that imports of foreign cotton from all sources during the first six months of 1931 amounted to the equivalent of 55,000 bales of 478 pounds as compared with 267,000 bales for the whole of 1930 1/; it appears, however, that imports of American cotton were nil, or practically nil, with almost all of the imports consisting of special types of cotton.

1/ A comparable figure for the first half of 1930 is not available.

Japan

Yarn production in Japan during February amounted to 234,000 bales of about 400 pounds each compared with 229,000 bales in January and 198,000 bales in February 1931. This represents an increase of 2.2 per cent over January and 18.2 per cent increase over February 1931, according to data received from Consul Donovan at Kobe. Exports of piece goods during February amounted to 108.2 million square yards which were 19.0 million square yards or 21.3 per cent larger than the previous month and 42.1 per cent larger than in December. This apparently indicates that the effectiveness of the Chinese boycott of Japanese goods was decreasing at that time, and reports indicate that since February the boycott has been even less effective. Although yarn exports represent only a small factor in the yarn and general textile situation in Japan, it has been observed that during February exports of yarn totaled about 5,000 bales, an increase of 76 per cent over January and 142 per cent over February 1931. Cotton yarn stocks in Japan increased considerably during the past few months which was probably a result of the small exports of piece goods which doubtless reduced the production of cotton cloth or piece goods.

From February 22 to March 22 American spot cotton declined 4.5 per cent, while Indian cotton declined 6.5 per cent, but the price parity still favors the use of American cotton. The large stocks and the declining prices of raw cotton were reported as having caused active buying of cotton to cease.

Imports of cotton into Japan during February amounted to 391,000 bales which was 26 per cent larger than in January and 46 per cent larger than in February 1931. These heavy imports included some cotton which was diverted from Shanghai to Japan due to the congested conditions in Shanghai.

China

Chinese and British cotton mills in Shanghai are now operating near normal capacity, according to a recent cable from Agricultural Commissioner Dawson at Shanghai. About 8 per cent of the workers in Japanese mills have been reemployed for cleaning up mills preparatory to the resumption of regular activity later, but not much increase is expected to take place this month.

Mills in China as a whole have been operating at a rather high rate this season and during the first half of the season all mills in China consumed about 1,213,000 bales which was 2.8 per cent more than in the like period last season, 11.0 per cent larger than the season before and was the largest amount on record for that period. Consumption of American increased more than two and one-half times, the total for the half-year being 432,000 bales, by far the largest amount ever consumed in China during any six months period, according to the delayed report of the Chinese Mill-owner's Association. This report showed an 11.5 per cent increase in the consumption of Indian cotton, but due to the small supply of native grown cotton there was a material decrease (36.5 per cent) in the amount of Chinese cotton consumed.

Stocks of yarn in Shanghai about the middle of April were not heavy but demand from outside was not active. Yarn had decreased in price during the previous month, but no regular quotations were available at mid-April, for the cotton and yarn exchange had not reopened. During the first part of

April there was renewed interest in Chinese cotton twine and certain purchases were reported to have been made for use in Shanghai mills. Deliveries of American cotton to Chinese mills were still being hampered by abnormal functionings of native banks but the situation is said to have improved.

The imports of raw cotton at Shanghai during the first three months of 1932 apparently reflect the seriousness of congested conditions around that important center during February when hostilities were perhaps at their maximum. During January imports of American cotton at Shanghai amounted to about 182,000 bales of 478 pounds, but in February dropped to 26,000 bales and in March advanced back to 44,000 bales. Imports of Indian cotton dropped from 26,000 bales in January to 2,000 in February and advanced to 3,000 in March.

Production, Acreage and Crop Condition

United States

The 1932 cotton crop is now getting under way. Some cotton has been planted as far north as southeastern North Carolina, southern Arkansas and north central Texas. In other sections preparations are being made for the new crop and from all indications the producers are again reducing their expenditures in response to low prices and incomes. This is being reflected particularly in the amount of fertilizer being sold in the Southern States. In addition the cotton farmers who made considerable shifts to food and feed crops last year evidently found it to their advantage and have indicated their intentions of further increasing the acreage in such crops this year. During March sales of fertilizer tags in the eight most important cotton States (excluding Oklahoma) amounted to only 46.6 per cent of March 1931, 33.5 per cent of March 1930 and were the smallest for that month for more than a decade. For the four months December through March tag sales were 51.8 per cent less than during that period last season, 69.2 per cent below 1929-30 and were also the smallest since sometime prior to 1920-21 when the records first became available.

Egypt

A recent ginnings report from Egypt shows that up to April 1, 1,215,000 bales (of 478 pounds) of all varieties of cotton, including scarto, of the 1931-32 crop had been ginned. This is equivalent to 94.5 per cent of the forecasted production of 1,286,000 bales. Ginnings of Sakellaridis cotton up to April 1 amounted to 237,000 bales or 87 per cent of the forecasted production; ginnings of other varieties amounted to 93 per cent of the estimated production of 1,014,000 bales. During the past three years total ginning of all cotton in Egypt up to April 1 have averaged about 86 per cent of the final estimate of production, ginnings of Sakellaridis to that date have averaged about 84 per cent of production and ginnings of other varieties 87 per cent of production.

India

The preliminary estimate of the total Indian crop which has just been released indicates that the 1931-32 crop is now thought to have been equivalent to about 3,401,000 bales of 478 pounds. This compares with a revised estimate for the 1930-31 season of 4,372,000 bales which means a decrease of 22.2 per cent. Receipts at Bombay from August 1 to April 7 this season have totaled only about half as large as to the same date last season, which substantiates

the estimated decrease in the crop. The estimated production for the 1931-32 crop is 20.7 per cent below the 1929-30 crop and is the smallest for any season since 1920-21.

Russia

No actual figures for the 1931 Russian cotton crop are as yet available from Soviet sources. Indirect evidence, however, points to a figure of approximately 1,900,000 bales which was indicated earlier by the Bureau of Agricultural Economics as the probable outturn of the 1931 crop. (See World Cotton Prospects, November 30, 1931, page 21 and January 26, 1932, page 16.) It was stated in the Socialist Agriculture of March 24, 1932, "that the plan for this year calls for a production of 550,000 metric tons of lint, which quantity is 34 per cent in excess of the actual production for 1931." Calculations on this basic result in a figure of nearly 1,900,000 bales of 478 pounds for the 1931 Russian cotton crop. While this figure is considerably below the 2,550,000 to 2,800,000 bales indicated as official expectations of the outturn earlier in the season, it is nevertheless about 350,000 bales above the 1930 crop and represents the largest increase in production in a single year. Although Russian cotton production attained a new high record in 1931 and was definitely above the pre-revolutionary peak, nevertheless the gain was not commensurate with the increase in acreage. While the Russian cotton acreage in 1931 exceeded the 1930 acreage by approximately one-third, production increased only by about one-fourth.

Reduced yield per acre in 1931 accounted for the failure of the crop to keep pace with the increased acreage. An expansion of the Russian cotton area, which brought it far above the pre-war period and declining yields which are considerably below pre-war, have been characteristic of the Russian cotton situation during the last few years. Extension of cotton cultivation into new, more northern regions during the last two years, where it has not been grown previously except on an experimental scale, was bound to reduce the average yield for U. S. S. R. as a whole, especially in 1931 when these regions accounted for about 17 per cent of the total cotton area.

Yields in the new regions, where cotton is not grown under irrigation, are considerably lower than in the older irrigated cotton-growing sections of central Asia (Turkestan) and Transcaucasia. Expansion of the cotton acreage also took place in the old cotton-growing regions and it is possible that the use of marginal land or the neglect of fallowing and proper rotation, contributed to the decline of the yields. It should also be borne in mind in making any comparisons with the pre-war period that cotton in central Asia, the principal Russian growing area, was a highly intensive crop, grown by peasants on small plots of land with the use of primitive implements and a prodigious amount of labor. It is possible that a decreased intensity during recent years, in so far as it has not been offset by improved machinery and cultural methods, may also be an important cause of the smaller yields. The problem of raising the yields and in general improving the quality of production seems to be now in the center of attention of the Soviet authorities, for the reports which have been received state that the plans for 1932-33 call for an increase of only 14 per cent in acreage whereas it is planned to increase production 34 per cent.

Brazil

The first official estimate of the total 1931-32 Brazilian cotton crop has recently been received. The estimate places the crop at 570,000 bales of 478 pounds which is 20,000 bales larger than the estimate formerly carried which was based on an official estimate of the Brazilian Government for the Northern States and trade estimates for the Southern States. The estimate of 570,000 bales is about 24 per cent larger than the 1930-31 crop which was materially reduced by drought conditions in some of the most important cotton producing States. The 1931-32 estimate is slightly smaller than the 1929-30 crop.

China

No recent estimates have been received on the results of 1931-32 Chinese cotton crop, but reports from Shanghai state that receipts of native grown cotton have been small all season. During part of the season Chinese cotton has been selling at unusually high prices relative to American and in some cases even above American. This reflects not only the large supply and low prices of American but also reduced supplies of Chinese cotton. The last estimate of the crop which has been received put the 1931-32 crop at 20 per cent less than the previous one or about 1,800,000 bales of 478 pounds. The report of the International Federation gave an estimate of the stocks of sundries cotton (largely Chinese) held by mills in China at the end of January of 200,000 bales which was 21 per cent smaller than a year earlier. During the last quarter of 1931 it was estimated that receipts of cotton at Shanghai were only about one-eighth as large as in the same period last season. Receipts at Shanghai are not considered a measure of the crop, but this sharp decrease is a reflection of the smaller crop. The indifference of Chinese merchants and spinners to native-grown cotton due to the cheapness of American is also a factor in the smaller receipts.

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C-80 May 31, 1932

WORLD COTTON PROSPECTS

Summary

The export movement of domestic cotton during April was the highest for that month since 1927 and was about 39 per cent larger than in April 1931 despite the fact that Oriental takings fell below a year earlier, according to the Bureau of Agricultural Economics. The domestic textile situation as measured by the rate of production, sales, unfilled orders and the stocks of goods on hand has been in a much better position most of this season than a year earlier, but during the past two months sales have been at such a low level and stocks have accumulated to such an extent that many mills have made sharp reductions in activity. As a result total cotton consumption in United States mills in April decreased about 121,000 bales or 25 per cent compared with March and was 142,000 bales or 28 per cent less than in April 1931.

The textile situation in Great Britain while not as favorable as a short time ago is still in a better position than a year ago. On the Continent conditions as a whole have not greatly changed during the past month, some countries reporting some seasonal improvement and others indicating slight declines. In general the rate of cotton consumption on the Continent is perhaps about equal to or slightly below a year ago, but at the present time larger amounts of American cotton are apparently being consumed. In the Orient mill activity is considerably above a month ago due to the increased activity in China where operations are again being resumed in Shanghai following the almost complete shut-down during the military disturbances a short time ago. Mill activity in Japan in March was at about the highest levels for two years and exports of cloth increased approximately 37 per cent during the month, to the highest levels for two years,

The final estimate places the 1931 American crop at 17,096,000 bales of 478 pounds net or 500 pounds gross which is 35,000 bales larger than the preliminary ginnings estimate released in March by the Bureau of the Census. This compares with a crop in 1930 of 13,932,000 bales and is the second largest crop ever produced. The yield per acre on the basis of the revised acreage was 201.2 pounds, the revised harvested acreage being 40,693,000 which was 9.8 per cent less than the previous year and was the smallest acreage since 1927. The high yields in 1931-32 were perhaps more largely due to favorable moisture conditions than to any other causes. The estimated reduction from full yield due to deficient moisture was placed at only 8.3 per cent, compared with 27.7 per cent in 1930 and 10.8 per cent in 1929 and damage from excessive moisture was only 2.6 per cent the smallest since 1925-26. Boll weevil damage in 1931 was somewhat greater than the previous year, amounting to 8.3 per cent compared with 5.0 per cent in 1930 but was offset by decreases in other causes to such an extent that the total reduction in yields from all causes is reported to have been only 27.8 per cent of a full yield compared with 47.1 per cent in 1930 and 43.8 per cent in 1929.

The estimated world production in 1931-32 has been revised to 27,500,000 bales of 478 pounds which is an increase of 1,700,000 bales over the revised estimate of the previous crop and is second only to the record production of 1926-27 of 28,400,000 bales. The estimated total production in foreign countries amounts to 10,404,000 bales or a decrease of 1,464,000 bales from 1930-31 and is the smallest foreign production since 1926-27.

Prices

Spots

In domestic markets prices of spot cotton showed little net change during most of April but on the last two days of the month declined about ½ cent per pound. During the first half of May there was some recovery and then another decline which took the average of the 10 designated markets to 5.33 cents on May 14 which was the lowest average recorded in these markets since last October. By May 23 the average had advanced to 5.57 cents per pound.

Prices in other domestic markets moved about in line with the 10 markets as did the prices of American cotton in Liverpool.

The prices of Indian cotton at Liverpool continue to show greater weakness than prices of American as has been the tendency since January. Whereas three important types of Indian cotton at Liverpool during January averaged only 1.1 per cent less than the average of American Middling and Low Middling, in April they were 10.7 per cent less and during the first three weeks of May averaged 12.1 per cent less than American. Although more than 10 per cent cheaper, relatively, than in January, Indian is still higher priced in comparison with American than during any previous season since 1926-27. The greater weakness of Indian prices during recent months is apparently due in part to the strength of the American spot market relative to the futures market as a result of the large amount of spot cotton being held off the market. Perhaps of more importance, however, is the shift to American cotton which has affected the distribution of Indian cotton to such an extent that stocks at Bombay are larger than might be expected in view of the small crop and high rate of mill consumption in India.

Stocks and Movement

Apparent supply of American cotton in United States

With the final estimate of the 1931 domestic crop placed at 17,096,000 bales and the carry-over at the beginning of the season about 6,262,000 bales, the total supply of American cotton for domestic consumption and export was around 23,358,000 bales. During the first nine months of the season domestic consumption of American cotton amounted to 3,842,000 bales and exports 7,397,000 bales. The total disappearance therefore was 11,239,000 bales, leaving 12,119,000 bales as the apparent supply remaining in the United States on May 1. During the same period last season disappearance amounted to only 9,666,000 bales but due to the smaller crop and carry-over the apparent supply in the United States on May 1, 1931 amounted to 8,584,000 bales and at the end of April 1930 totaled about 6,222,000 bales.

Stocks in consuming establishments and public storage

Of the 12,119,000 bales of American cotton apparently in the United States on May 1, 1932, 1,482,000 bales were in consuming establishments and 8,146,000 bales were in public storage, leaving something like 2,491,000 bales "elsewhere", the greatest portion of which was doubtlessly held by producers on farms and plantations. On May 1, 1931 mill stocks of American cotton were about 192,000 bales less than this year, stocks in public storage were 2,154,000 bales less and the apparent stocks "elsewhere" were about 1,189,000 bales less than this year.

Stocks of foreign cotton in consuming establishments declined from 81,000 bales on April 30, 1931 to 50,000 bales at the same date this year, while foreign cotton in public storage has decreased from 41,000 equivalent 500 pound bales to 18,000 bales during the same twelve months period.

Exports of American cotton

For some months the rate of export of domestic cotton was the highest since the 1914-15 season, with the exception of the 1926-27 season, due largely to the record takings of the Orient. During April, however, the

movement to the Orient dropped materially, Japan taking a smaller amount than in April 1931, and as a result total exports dropped but were the largest for the month since 1921-22, excepting April 1927.

During the first nine months of this season total exports from the United States amounted to 7,397,000 running bales, according to the Bureau of the Census, which is 1,487,000 bales or 25 per cent more than during the same period in 1930-31 and larger than for any corresponding period since 1926-27.

France and Germany are the only two important consumers of American cotton who have not taken more American cotton this season than during the first nine months last season. Although most foreign countries have consumed larger amounts of our cotton this season than during the same period last season, the increased consumption has not kept pace with the increase in exports. Some countries have replenished stocks and others accumulated supplies for several months to come. It is generally known that the record supplies of American cotton in conjunction with the reduced crops in India, China, Egypt, and many of the smaller producing countries have been the important factors contributing to the increased exports of American cotton this season. Additional factors were the high rate of mill consumption in the Orient and the departure of Japan from the gold standard.

Exports of Indian cotton

From August 1 to May 14 this season total exports of cotton from India amounted to only 1,190,000 running bales compared with 2,781,000 bales during the corresponding period last season, according to the Commercial and Financial Chronicle. This is the smallest export movement from India during a like period for more than a decade. During March, April, and the first part of May India's exports were the lowest for that season of the year for about two decades. In addition to the relatively short supply of Indian cotton and the record supply of American, another factor contributing to the comparatively high prices and small exports of Indian cotton is the high rate of activity among the mills in India which use Indian cotton almost entirely. So far this season consumption in these mills has been at, or very near, record levels.

Exports of Egyptian

Exports from Alexandria, Egypt for the season to May 11 totaled 850,000 running bales or about 144,000 bales more than during the same period last season, according to the Chronicle. While the 1931-32 Egyptian crop was about 429,000 equivalent bales of 478 pounds or 25 per cent smaller than the previous crop the larger carry-over at the beginning of the season and the fact that the Egyptian Government has been disposing of the stocks it had accumulated, even to the extent of granting liberal credit to foreign consumers, largely explains why exports from Egypt have been larger than during last season.

Visible supply of foreign cotton

On May 13 the visible supply of foreign cotton, as reported by the Commercial and Financial Chronicle, amounted to 1,984,000 running bales, This is 551,000 bales smaller than a year earlier and 680,000 bales smaller than on the corresponding date in 1930. The smaller visible supply is mostly the result of the small Indian crop.

Textile Situation

United States

The domestic cotton textile industry which for many months this season showed material improvement over a year earlier has recently found it necessary to curtail production due to the low sales. During March sales of cotton cloth dropped to the lowest levels for almost two years and in terms of the rate of production were the lowest for the four years for which comparable records are available. The report for April was equally as unfavorable. Unfilled orders dropped 21.5 per cent during the month and stocks increased considerably, and are now slightly larger than a year ago. During the two months March and April, sales in this section of the domestic industry dropped about 58 per cent according to the data released by the Association of Cotton Textile Merchants of New York. During these two months unfilled orders have decreased 42 per cent and stocks on hand increased 26 per cent.

Total consumption of raw cotton in domestic mills during April amounted to about 367,000 running bales, a decrease of 121,000 bales or 25 per cent compared with March and was 142,000 bales or 28 per cent less than in April 1931. This brings the total consumption for the nine months this season to 3,937,000 bales which is still slightly more than in the same period in 1930-31. The decrease in consumption from March to April was one of the greatest contractions for a similar period on record and represents a serious effort to bring output in line with sales.

Great Britain

In Great Britain there have been several labor disputes during recent weeks and while these have not been particularly significant, it is said to have created some uncertainty in the situation and to have influenced prospective buyers to postpone their purchases. The decline in cotton prices is also said to have caused hesitancy among the buyers, some feeling that lower textile prices might result. Cotton consumption in Great Britain has been above last year for many months, and, although it is reported to have shown a declining tendency recently, it is still higher than a year ago and larger proportions of American cotton are being used than at that time.

Cotton piece goods exports in April, while slightly smaller than in March, were considerably larger than in April 1931. For the season to the end of April cotton piece goods exports from Great Britain totaled about 11 per cent larger than during the same period last season.

Continental Europe 1/

The continental cotton textile situation was influenced unfavorably throughout April by the downward tendency in the American raw material market, which set in in the latter half of March. Practically all branches of the industry continued to reflect in smaller business the lack of confidence which has long been an unsettling factor, although mill activity does not appear to have shown much change during the month. It remains most obvious that the critical situation of business and finance, as well as the shadow of political uncertainty, are largely governing sentiment

1/ Based on a report from Agricultural Attache L. V. Steere at Berlin, dated May 4, 1932, supplemented by cable May 14.

and actual developments in the cotton textile situation, and the cotton industry in both the trade and manufacturing branches seems to hold little hope for substantial improvement in the continental cotton market as long as these basic problems remain unsettled or no substantial progress towards settlement is evident.

April reports from textile centers in practically all continental countries indicate some decline in yarn and cloth sales, although scattered seasonal revival was not entirely lacking. The decline in new business, as compared with sales in March, was most pronounced in western Europe, where purchases of cotton yarn and fabrics were much influenced by political considerations, notably the French elections and the international conferences at Geneva. Italy also experienced some decline in bookings of yarn and cotton goods, notwithstanding extremely narrow margins quoted by both spinners and weavers. Central European reports were also unfavorable, with quite general indications that the usual April seasonal pick-up in business was entirely lacking this year.

Increasing difficulties in obtaining foreign exchange for imports of raw cotton were evident in several European countries. There is some possibility that mill activity may be somewhat affected in some countries if this situation persists, although operations on the Continent throughout April have not been influenced by this factor, and are generally little changed as compared with March, despite the less satisfactory development of new orders. The revival of business registered the first half of March has helped considerably to maintain current operations in face of somewhat reduced new sales, but this reserve of orders is small.

Continental spinner buying of raw cotton was very limited for April as a whole, as a result of the rather steady decline in the value of raw material. Considerable uncertainty was also injected into the raw market by the continued reports of probable sales by the Federal Farm Board. Later, as the month advanced, some recovery of confidence became evident as trade observers again became convinced of the extremely low level of current cotton values, coupled with the feeling that this year's crop in the United States will not be a large one. As the month closed, the continental trade observers are said to have felt that small fertilizer sales and considerable boll weevil emergence are not likely to be conducive to a yield anywhere near the large yield last year.

During the second half of April price-fixing again assumed considerable importance, especially among central European spinners, though French and Italian spinners remained conservative in this respect.

Germany

The cotton textile situation in Germany showed no improvement in April although the levels of activity, both for spinning and weaving branches, were being well maintained on the whole, and at a rate above that prevailing a year ago.

The full report of the Spinners' Association for March indicated a definite slackening in sales of cotton yarn, as well as unsatisfactory calling of old contracts. The hopes that had been held for a revival of spring business did not materialize, with industrial and trade observers attributing the continued reluctance of buyers to the uncertainty in the

political and general economic situation. The declining tendency of raw cotton prices also contributed to the undermining of confidence and the general absence of purchases of yarn for delivery in later months. The number of bankruptcies and receiverships in the spinning branch has again increased, and growing difficulty in the obtaining of foreign exchange was reported both for purchases of raw cotton and for the covering of reimbursement drafts.

The report of the German Weavers' Association for the month of March likewise indicated that the position of the industry continued unsatisfactory on the whole, with seasonal improvement in business being maintained in but few mill districts. Clothmakers, as well as spinners, have evidenced growing dissatisfaction with margins, which have narrowed sharply since the autumn of 1931. Spinners reported margins in March about 20 per cent below those obtainable in October, and in the weaving branch the decline amounts to about 15 per cent, notwithstanding wage reductions and the recession in prices of raw material. German weavers complained particularly of the decline in export business, in which the development in Scandinavia of a sentiment favoring the boycott of German goods because of advances in the German butter tariff has played an important part.

The April report of the spinning industry states that there was no revival in business and the weaving industry reported pronounced reluctance on the part of buyers with scattered reductions in weaving mill activity. But as to operating levels in the industry at the end of April it should again be emphasized that the rate of activity was comparatively satisfactory, and has been averaging above last year steadily since the beginning of the current season. This fact would seem to indicate that the present position of the cotton textile industry in Germany is basically sound, in other words, that production is in line with consumption, and various observers hold the view that real improvement may easily take place when some stimulus is offered. Progress towards settlement of some of the present political and financial problems now weighing on the business situation would doubtless have a most beneficial effect.

With the exception of a brief period during the middle of April, German spinner buying of cotton in Bremen was quite restricted for several weeks prior to the first of May. The relative highness of the "basis" has been the object of particular complaint. On the other hand, the lowness of futures quotations has led to considerable price fixing. New purchases by spinners have been restricted largely to near positions, in line with the continued observance of a policy of hand-to-mouth buying.

Czechoslovakia

The cotton mill situation in Czechoslovakia appears to be growing steadily worse. Spinners complain of extremely small sales and very unsatisfactory prices. Around the middle of April only two-thirds of the spindles were working, and most of these on part time to a large extent. The number of workmen employed in the spinning industry has dropped from 25,000 at the end of February, 1931, to about 22,000 at the present time.

The weaving mills also indicated that sales were very small and confined strictly to the domestic market; export sales of finished goods have almost ceased. Such a trend of developments makes the outlook very unsatisfactory for Czechoslovakia, because its weaving mills depend to such a large extent on exports. The industry reports that further reduction in working time or

the closing-down of many factories will be unavoidable. The precarious economic situation in Austria constitutes an especially large obstacle in the way of an improvement in Czechoslovakian exports of cotton goods, and Austria is now reported on the point of issuing an order which will prohibit the importation of many important articles, among them some types of cotton cloth. Difficulties also continue in exports to Germany, England and the Scandinavian markets, where either currency restrictions exist or the gold standard has been abandoned, and early improvement seems doubtful.

Austria

The cotton mill situation in Austria continues one of depression, with conditions further aggravated by the recently tightened restrictions on the procurement of foreign exchange for raw cotton purchases. It is indicated that several spinners probably have to restrict further the activity of their mills, if the Central Bank policy on foreign currency is not relaxed for raw cotton. This situation explains Austria's interest in the importation of raw cotton on a foreign credit basis, in which the first step has been taken by negotiations with the Egyptian Government.

France

March reports from France gave some ground for belief that a turning point in the French cotton situation had been reached, but these hopes were dampened during April by the extremely unsatisfactory development of new business in yarn and cloth. Early in the month there was still a moderate flow of new sales to spinning and weaving mills in all of the important centers, but later the situation became very quiet, and the attitude of buyers has remained one of great reluctance up to the end of the month. Nevertheless, a revival of buying on the scale of the early March activity during the weeks immediately ahead could easily restore the French cotton mill position to a much better level than prevailed toward the end of 1931. As there are still orders on hand from the increased bookings during March, occupation was not curtailed in April, but, on the contrary, was maintained at the somewhat increased level reached in March.

It has been pointed out repeatedly of late in French trade circles that an important feature of the present mill situation is that almost the entire cotton yarn and cotton cloth business now depends on the domestic market, whereas formerly exports played a significant role. This change is in line with the current tendency of world trade, and with recent developments in French foreign trade policy, which have brought retaliatory or parallel measures in other countries. The imposition in France in March of import contingents on cotton goods, among other products, was clearly an effort to compensate for the loss of export outlets for cotton goods.

French spinner buying of raw cotton remained very restricted throughout the month of April, buying initiative having been unfavorably affected in part by the decline in raw cotton prices. French spinners also observed a very cautious attitude pending the outcome of the elections, as well as possible developments at the Geneva conference. It was further reported that buying of spot cotton at Havre, instead of buying on a shipment basis, has assumed larger proportions in recent weeks, because of the unsatisfactory qualities tendered recently against purchases on shipment. April price-fixing was small.

Belgium

About the middle of May activity in the Belgian cotton spinning industry was reported as being very low. The weaving mills were reducing operations and business was described as being difficult.

Italy

The very slow but steady underlying improvement long evident in Italian cotton textile conditions came to a standstill during April. Severe competition and price-cutting is evident for yarns and cloth orders, so that margins continued very narrow and not encouraging for expansion of activity. Incoming orders for yarn, however, continued slightly above production, thus reducing unsold stocks which were about 30 per cent below those of the same date last year or about on 1929 levels. Spinning and weaving mill activity has been sustained in recent weeks, but a slight lull is evident since the end of February. Raw cotton imports in recent months have been above those of last year, but the total since the first of the season is approximately at last year's level.

Spinner purchases of raw cotton in April remained limited, both for c.i.f. and spot cotton. The raw material policy of the industry apparently remains cautious.

Russia

March production of finished cotton goods in Russia amounted to 239,498,000 yards, which is an increase of 7 per cent over the preceding month, but only 89.9 per cent of the monthly plan. Production of yarn was slightly more in line with the plan, total yarn output in March amounting to 64,509,000 pounds, or 91.7 per cent of the program.

Recently published results for the first quarter of the current year (January-March) indicate that total output of finished goods amounted to 682,905,000 yards, which although 8 per cent above the same time last year, is 91.2 per cent of the plan for that period. As a result of this non-execution of the production plan, about 65,616,000 yards less of cotton fabrics have been put out by Russian cloth mills. In the case of yarn, a somewhat better execution of the quarterly plan is evident, with total production for the quarter amounting to 93.9 per cent of the plan. The production of yarn was reported as 19.8 per cent above the corresponding period in 1931. This disproportion between yarn and cotton fabrics' production continues to cause complaint in the Soviet press. Unsatisfactory quality of the goods produced is also complained of, the percentage of rejected goods being reported almost double that anticipated, and also showing a tendency to increase. Considerable turnover of workers and lack of adequate technical superintendence are held responsible for these results.

Japan

During March yarn production in Japan amounted to about 232,000 bales or about 92,800,000 pounds, which was about the same as that for February, according to a report received from Consul Donovan at Kobe. The levels of production during these two months were the highest for about two years. In considering these high rates of cotton consumption it is important to remember that unusually large proportions of American cotton are being used.

The same report states that exports of cloth from Japan in March totaled 148 million square yards, which was an increase of 40 million square yards or 37 per cent over February, and compares with 89 million in January and 76 million in December. The March exports of cloth were the largest since the middle of the 1929-30 season. This marked increase in exports seems to reflect an easing up of the Chinese boycott and perhaps also the increased ability of the Japanese to meet foreign competition abroad.

China

Activity in Chinese cotton mills at Shanghai around the middle of May was about ninety per cent of normal, according to a cable from Agricultural Commissioner Dawson at Shanghai. Japanese mills were open and activity about sixty per cent of normal, whereas, a few weeks previous the Japanese mills were almost completely idle. Chinese labor was reported as available to meet the demand of the Japanese mills which were expected to increase activity to eighty or ninety per cent by next month if yarn prices continue good following the recent improvement.

Arrivals of Chinese cotton have been averaging only 3,000 to 4,000 bales a week and prices compare favorably with other cotton but demand has been weak. Buying of foreign cotton has also been light. Small purchases of Indian have been made following price declines but no buying of importance is expected before August.

Stocks of American cotton at Shanghai were said to be heavy, and, with activity of mills below normal, there has been little interest in buying forward. The present low silver exchange is also a factor. Supplies were sufficient for some weeks but should prices go lower or exchange materially improve there will be some buying for distant delivery. Japanese mills will need to buy more cotton later but will probably get it from Japan where stocks are heavy.

The yarn market from the middle of April to May 14, except for the last few days, was very dull due to restricted credit and lack of confidence in prevailing prices. In certain sections political disturbances also accentuated the feeling of uncertainty toward further commitments. Toward the middle of May a drop in yarn prices and some improvement in the general situation induced buying. Business during the past few days of the period was good and yarn stocks which were getting heavy were reduced.

There was some improvement in demand from outports but part of the up-country business was turned down due to the inability of merchants to pay cash. Native banks have withdrawn restrictions on negotiability of native orders but are unwilling to grant credit except with strong guarantees. The tight money situation will probably continue until after China's New Year settlement on June 5.

The piece goods market was reported as dull with no new business and market prices were below replacement costs. The Shanghai cotton and yarn exchange was opened on May 2 after having been closed for three months. The yarn standards have been changed, yarn now being based on 20s instead of 16s. The new standard for cotton is "Chengchow fine staple" which is suitable for 20s is valued somewhat higher than the old Hankow type so-called "Shensi".

Production, Acreage and Crop Condition

United States

The final estimate of the 1931 domestic cotton crop has recently been released, which placed the crop at 17,096,000 bales of 478 pounds net or 500 pounds gross. This compares with a production the year before of 13,932,000 bales and was second only to the record crop of (17,977,000) bales in 1926. The following are the comments of the Crop Reporting Board which accompanied the cotton report on May 20 together with a table showing the final estimates:

"The Crop Reporting Board, in revising statistics of acreage, yield and production of the 1921 cotton crop, estimates the area in cultivation in the United States on July 1, 1931 to have been 41,189,000 acres; the area harvested, 40,693,000 acres; and the yield of lint cotton to have been 201.2 pounds per harvested acre. The report of the Bureau of the Census, published on May 17 placed final ginnings for the 1931 crop at 17,095,594 equivalent 500-pound bales.

"The acreage and yield estimates for the United States are each about one-half of one per cent above the preliminary estimates made last December, an adjustment of one per cent in total production being necessary to make the estimate conform with the total quantity ginned. The yield per acre of 201.2 pounds is the highest realized since 1914 when the yield was 209.2 pounds.

"Forecasts of cotton production made by the Crop Reporting Board during the 1931 season and comparisons with final production were as follows: August 1, 15,584,000 bales, 8.8 per cent below; September 1, 15,685,000 bales, 8.3 per cent below; October 1, 16,284,000, 4.7 per cent below; November 1, 16,903,000, 1.1 per cent below;and December 1, 16,918,000, 1.0 per cent below. Each forecast made during the season showed improvement in crop prospects over the preceding forecast, as the 1931 season was extraordinarily favorable for the production and harvest of cotton from spring until late fall. The forecasts are necessarily based upon indications at the time the reports are prepared and upon the assumption that weather conditions after that time will be about average".

Table 1.-Cotton: Revised estimates of the crop of 1931, by States

State	Area in cultivation July 1, 1931	Area picked 1931	Yield of lint cotton picked per acre 1931	Production 1931 1/	Ginnings 1931 crop as reported by census, May 17, 1932
	Acres	Acres	Pounds	Bales (500 lbs. gross)	Bales (500 lbs. gross)
Virginia	71,000	70,000	289	42,000	42,423
North Carolina ...	1,342,000	1,333,000	271	756,000	756,294
South Carolina ..	1,970,000	1,960,000	245	1,005,000	1,004,730
Georgia	3,452,000	3,431,000	194	1,393,000	1,392,665
Florida	120,000	118,000	175	43,000	43,164
Missouri	350,000	348,000	397	289,000	288,991
Tennessee	1,119,000	1,115,000	255	594,000	594,512
Alabama	3,421,000	3,397,000	200	1,420,000	1,419,689
Mississippi	4,069,000	4,032,000	209	1,761,000	1,761,203
Louisiana	1,968,000	1,958,000	220	900,000	899,922
Texas	15,769,000	15,469,000	165	5,320,000	5,322,453
Oklahoma	3,429,000	3,395,000	178	1,261,000	1,261,123
Arkansas	3,602,000	3,566,000	256	1,907,000	1,906,736
New Mexico	119,000	117,000	412	101,000	98,124
Arizona 2/	178,000	176,000	313	115,000	115,061
California	194,000	192,000	440	177,000	176,560
All other	16,000	16,000	363	12,000	11,944
U.S. total	41,189,000	40,693,000	201.2	17,096,000	17,095,594
Lower Calif. (Old Mexico) 3/	69,000	69,000	182	26,000	4/ 26,250

1/ Bales rounded to thousands, allowances made for interstate movement of seed cotton for ginning and added for U. S. total.
2/ Including Pima long staple, 30,000 acres, yield 225 lbs. per acre, production 14,000 bales.
3/ Not included in California figures, nor in United States total.
4/ Ginnings 26,112 running bales, as enumerated by California Cooperative Crop Reporting Service.

The following report on reduction in yields from stated causes was also released with the cotton report:

"Reductions from full yield of cotton during the favorable season of 1931 were much less than usual for each of the various causes considered. The total reduction from various causes is reported to have been only 27.8 per cent of a normal or full crop, based upon an inquiry to cotton reporters on this subject. In 1930 the reported reduction was 47.1 per cent; in 1929, 43.8 per cent; and in 1928 36.4 per cent.

"Deficient moisture, or drought was responsible for only 8.3 per cent reduction in yield, compared with 27.7 per cent in 1930 and 10.8 per cent in 1929. Damage attributed to excessive moisture was 2.6 per cent, compared with 2.8 per cent in 1930 and 7.2 per cent in 1929.

"Boll weevil damage in 1931, while somewhat greater than in 1930, was less than average and relatively unimportant. Loss from this cause was reported at 8.3 per cent, compared with 5.0 per cent in 1930, 13.3 per cent in 1929 and 14.1 per cent in 1928.

"Other climatic" causes, including floods, frost, heat and hot winds, contributed 3.5 per cent to the loss in 1931, against 6.3 per cent in 1930 and 6.0 per cent in 1929. Plant diseases are reported to have caused losses of about 2.0 per cent, which is about the same as in each of the last three years. Loss due to insects other than boll weevil was reported at 1.8 per cent, which is the lowest percentage attributed to this cause in recent years.

"This statement on losses is based upon reports of correspondents made in February, on a general crop damage inquiry in which the correspondents were asked to report the per cent of a normal yield per acre of cotton harvested the preceding year, the per cent of loss in yield, and to distribute the loss to stated causes. The resulting indicated percentages represent the consolidated judgment of the crop reporters and are useful as a rough index of relative losses from the stated causes."

Details by States follow:

Table 2.-Cotton: Reduction from full yield per acre from stated causes 1929-1931

State	Deficient moisture			Excessive moisture			Other climatic			Plant diseases			Boll weevil			Other insects		
	1929	1930	1931	1929	1930	1931	1929	1930	1931	1929	1930	1931	1929	1930	1931	1929	1930	1931
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Va.	7	36	6	4	0	0	2	5	1	3	0	1	4	3	0	0	1	2
N. C. ..	1	13	5	15	1	1	4	3	2	2	2	2	21	17	8	1	1	3
S. C. ..	3	10	7	11	1	1	7	4	3	2	2	2	18	13	8	1	1	1
Ga.	4	12	16	8	1	0	7	5	4	2	2	1	15	7	7	1	1	1
Fla. ...	0	5	14	9	0	0	10	2	1	1	0	1	14	14	10	2	0	1
Mo.	8	33	6	7	0	2	9	16	2	1	1	2	0	0	0	5	3	1
Tenn. ..	6	37	8	6	1	1	5	7	2	3	1	1	2	1	2	1	1	1
Ala. ...	6	22	8	7	1	1	4	4	2	3	2	2	14	4	8	1	1	1
Miss. ..	3	31	2	7	1	8	3	4	4	2	2	2	16	3	15	1	1	1
La.	8	33	9	6	3	3	5	7	3	2	1	2	17	3	11	1	1	1
Tex. ...	16	28	9	7	4	3	7	6	4	3	2	3	13	4	9	5	3	3
Okla. ..	18	36	15	5	2	1	8	10	6	1	1	1	11	3	6	2	2	1
Ark. ...	18	49	3	3	1	2	6	12	2	1	1	1	6	2	3	1	2	1
Average of 13 States	10.8	27.7	8.3	7.2	2.8	2.6	6.0	6.3	3.5	2.3	1.7	2.0	13.3	5.0	8.3	2.5	1.9	1.8

The planting of the 1932 domestic crop is progressing fairly satisfactorily in most sections of the Belt, weather conditions on the whole having been about normal. Fertilizer tag sales from December through April this season have been about 40 per cent less than during the same period last season, almost 60 per cent less than in 1929-30 and much lower than during any similar period for more than a decade. In April there was a considerable increase in sales, whereas, ordinarily there is a decrease from March to April.

World cotton production and acreage in 1931-32 with comparisons

From the latest information received on the 1931-32 cotton crop in foreign countries the preliminary estimate of production in all foreign countries is now placed at 10,404,000 bales of 478 pounds. This compares with an estimated foreign production of 11,868,000 bales during 1930-31 and 11,672,000 bales in 1929-30, and was the smallest since 1926-27. The large domestic crop, however, gives a world production of about 27,500,000 bales, or an increase of 1,700,000 bales over 1930-31, and was 1,000,000 larger than 1929-30 and the largest since 1926-27, when the total world production was about 28,400,000 bales. The principal foreign countries showing decreased production this season were India, China, and Egypt. In India alone there was a decrease of 971,000 bales, in China about 450,000 bales and in Egypt 429,000. Russia on the other hand increased her production by something like 311,000 bales. In India and China the decreased production was largely the result of reduced yields, although some decrease in acreage was reported. In Egypt there was a large acreage decrease and a slight decrease in yields. The low yields in China resulted from the damages done by floods.

The increased production which took place in Brazil and the Anglo-Egyptian Sudan resulted from a return to more normal yields. The yields in the Sudan in 1930-31 were unusually low due to serious damages from two diseases known as "Leaf Curl" and "Black Arm" whereas a severe drought in some of the principal cotton producing States materially reduced the average yield per acre in Brazil. The increased production in Russia resulted from an increase in acreage, the yield per acre showing a decrease compared with 1930-31. Reports from Russia early in the season stated that the crop would be 700,000 or more bales larger than this Bureau estimated, but at present Russian estimates are very close to ours. The reduced Russian yields this season have resulted from the expansion of production into new regions most of which are not irrigated. In 1930-31 Russian acreage increased about 50 per cent and production increased almost 25 per cent. This season the acreage increased 37 per cent and production 23 per cent. As a result of these decreasing yields the Russian officials are said to have planned for an acreage increase in 1932-33 of only 13 or 14 per cent with greater efforts to be made in improving the yields and quality.

The 1932-33 Russian crop

Spring was reported early this year in the chief cotton growing regions of Russia, and field work could be started about 15 or 16 days earlier than usual. Planting of cotton started during the first days of April, but on April 20 plantings amounted to only 184,000 acres, or 3 per cent of the plan which has apparently been revised upward to 6,076,000 acres from the 6,022,000 acres reported previously. This plan if fulfilled would mean an increase of about 13.7 per cent over the latest acreage figure we have for 1931-32.

Table 3.-Cotton: Acreage and production in countries reporting for 1931-32, with comparisons

Item and country	1928-29	1929-30	1930-31	1931-32	Percentage 1931-32 is of 1930-31
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
ACREAGE					
United States	45,341	45,795	45,091	40,693	90.2
India	27,053	25,922	23,812	23,522	98.8
Russia	2,400	2,608	3,911	5,346	136.7
China 1/	4,847	5,133	5,228	5,078	97.1
Egypt	1,805	1,911	2,162	1,747	80.8
Uganda	699	663	740	876	118.4
Chosen	505	456	473	461	97.5
Anglo-Egyptian Sudan	315	369	387	356	92.0
Mexico	502	492	390	319	81.8
Syria and Lebanon	19	60	60	76	126.7
Italian Somaliland	20	27	19	15	78.9
Bulgaria	13	14	13	13	100.0
Eritrea	6	6	7	7	100.0
Algeria	12	14	10	3	30.0
Total above countries	83,535	83,468	82,303	78,512	
Estimated total foreign countries	42,059	41,907	41,709	42,007	
Estimated world total	87,400	87,700	86,800	82,700	
	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	1,000 bales 478 lbs.net	Per cent
PRODUCTION					
United States	14,478	14,828	13,932	17,096	122.7
India	4,838	4,289	4,372	3,401	77.8
Russia	1,174	1,279	1,589	1,900	122.6
China 1/	2,466	2,116	2,250	1,800	80.0
Egypt	1,672	1,760	1,715	1,286	75.0
Brazil	525	584	460	570	123.9
Mexico	278	246	178	207	116.3
Anglo-Egyptian Sudan	142	139	106	2/ 199	187.7
Uganda	171	108	156	170	109.0
Chosen	150	139	154	136	88.3
Syria and Lebanon	4	14	12	17	141.7
Tanganyika	28	23	19	12	63.2
Australia	5	8	10	10	100.0
Colombia	10	10	10	9	90.0
Bulgaria	3	4	4	5	125.0
French Equatorial Africa	1	3	7	5	71.4
Italian Somaliland	7	8	3	5	166.7
Union of South Africa	8	14	7	3	42.9
Southern Rhodesia	-	1	2	2	100.0
Total above countries	25,960	25,581	24,986	26,833	
Estimated total foreign countries	12,422	11,672	11,868	10,404	
Est. world total	26,900	26,500	25,800	27,500	

Compiled by the Division of Statistical and Historical Research largely from data received through the Foreign Agricultural Service, including information received up to May 19.
Official sources and International Institute of Agriculture except as noted.
1/ Estimates of Chinese Mill owners' Association. 2/ Estimated as being between 194,000 and 204,000 bales.

While the total planting plan is supposed to have been completed by May 5 this year, a recent report stated that only 3,395,000 acres or 56 per cent of the planned area had been planted. Up to May 5 last year plantings were reported to have amounted to about 2,204,000 acres or 39 per cent of the plan but were 41 per cent of the actual acreage planted.

Ploughing of the cotton fields is said to have progressed more favorably and well in advance of the plantings, yet it has been the object of some complaint. Anxiety is also expressed about loss of moisture in consequence of the lag in planting after the fields have been ploughed. The individual peasants, who still account for a significant share of the total cotton acreage, are reported as not receiving sufficient attention and help from local Government organizations; this, it is feared, will have an unfavorable influence on the completion of their sowing plans, since reports indicate that individual peasants are even more backward with their field work than the collectives.

China

Rather recent rains in China have been favorable to the planting of the new cotton crop both in the Yangtze Valley and in North China.

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Cotton

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Bureau of Agricultural Economics
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BUREAU OF AGRICULTURAL ECONOMICS
U.S. DEPARTMENT OF AGRICULTURE

WORLD COTTON PROSPECTS

Summary

During May and the first half of June further unfavorable developments occurred in the domestic cotton situation including a decline of about 10 per cent in cotton consumption and 11 per cent in carded cloth production from the reduced levels of April, associated with the continued unfavorable general business situation and further declines in the stock market and commodity prices. This in addition to disturbing factors in Europe caused cotton prices to drop to the lowest levels in many years.

Although domestic consumption of American cotton in May was the smallest for any month for more than a decade, exports for the month were sufficiently larger than a year earlier to cause the apparent supply remaining in the United States to decline more than in May, 1931. Total stocks of American cotton in the United States on June 1 this year, however, were still almost 3,500,000 bales larger than a year earlier, and were the largest on record for that period of the year.

During the first ten months of the present season domestic exports of raw cotton exceeded the exports from August to May last season by 1,652,000 bales. Total exports of Indian cotton during the same period were approximately 1,425,000 equivalent bales of 478 pounds less than in 1930-31. American cotton has also been purchased this season by many who ordinarily use Chinese cotton. The reduced crops in India and China in addition to the record supply of the domestic staple largely explain this heavy movement of American cotton.

The domestic cotton crop apparently made good progress up until early June when excessive rainfall in many sections is reported to have been detrimental. The official acreage estimate will not be available until about July 8. The trade estimates that the area will be reduced between 5 and 10 per cent. From December through May fertilizer tag sales were about 41 per cent below a year earlier and the lowest for a like period for more than ten years. Reports from Russia indicate that there may be some increase in acreage although the final estimates may not be much larger than the 1931 estimate. China may plant about the same acreage as last year.

Prices

Spots

In early June prices of American cotton in domestic markets declined to the lowest levels in many years. In New York, spots went to 5.00 cents per pound on June 9 which was 0.31 cents below the low of 1898. In New Orleans, however, spots on June 9 were quoted at 4.95 which was 0.20 cents above the low of 1898. The 10 spot markets on June 9 averaged 4.76 cents, a new low for the season and compares with 7.62 cents on June 9, 1931. Since June 9 spots in domestic markets have recovered about 0.30 cents per pound, the 10 markets averaging 5.06 cents on June 21. One month earlier (May 21) the 10 markets averaged 5.52 cents, making a net decline for the month of almost one-half cent per pound.

In Liverpool spot prices of American cotton moved about in line with New York spots during the month as a whole which is generally the case. The spot market in Havre is reported to have shown greater weakness than domestic markets recently.

The movement of prices of American and Indian cottons during the past few weeks in the Liverpool market has brought little net change in the relation of the two with a tendency for Indian to become slightly more expensive as compared with American. In Bremen Agricultural Attache reports that there has been little change in the relative prices of American and Indian in the past three months.

Futures

There has been no material change in the relation of the futures and spots quotations for American cotton, the movement of futures prices being about in line with fluctuations in spots.

The advance in prices during the second week in June was probably due almost entirely to the persistent rains in some sections of the Cotton Belt and the resultant fear of heavy weevil damage and to the slight advance in stocks prices.

Stocks and Movement

Domestic exports

Although exports of American cotton in May showed some seasonal decline from April, the total of 501,000 running bales as reported by the Bureau of the Census was about 49 per cent above May, 1931, more than twice as large as May, 1930, and was the largest for the month since 1928. For the 10 months August - May the total movement of cotton from the United States amounted to 7,898,000 bales which was 1,652,000 bales or 26 per cent above the corresponding period last season and was the largest for a like period since the 1913-14 season except in 1926-27.

During the first eight months of the season the heavy export movement was due to the large takings by Japan and China, but during April and May Great Britain and the Continent accounted for most of the increase over a year earlier. During the two months April and May combined, Great Britain, France and Italy each took about twice as much American cotton as during the same period last season. During these two months exports to Germany were 32 per cent larger than in April and May 1931.

It has been pointed out from time to time that the reduced crops in India, China and Japan, the high rate of mill activity in the Orient and the large domestic crop have been the important factors contributing to increased exports of American cotton this season. Without the substantial decrease (about 20 per cent) in the Chinese crop, China would probably not have taken such a large amount of American cotton this season and while Egypt has exported the equivalent of about 218,000 bales of 478 pounds more cotton so far this season than last, this amount might have been larger except for the 25 per cent decrease in her production. While exports of American cotton were 1,652,000 bales larger during the first ten months this season than last, total exports of Indian cotton so far this season have totaled about 1,425,000 equivalent bales of 478 pounds less than in the like period last season. A part of this decrease was attributable to the decline in Indian production (the 1931-32 crop being almost 1,000,000 bales of 478 pounds less than the previous one) and a part to the large requirements of Indian mills.

While a part of the heavy purchases of American cotton this season represents a regaining of the markets lost through the increased competition of foreign cotton in recent years it seems probable that many mills may use American cotton this season for the first time. Perhaps some permanent benefits to the American producer will result from the situation in that additional manufacturers may discover the advisability of using the domestic product even with more favorable prices for foreign cottons relative to American than exists at present or even on the average.

Exports of Indian cotton

From August 1 to June 9 total exports of Indian cotton amounted to only 1,309,000 running bales which was 1,703,000 running bales or 57 per cent less than during this period in 1930-31, according to data from the Commercial and Financial Chronicle. During recent weeks Indian cotton has become relatively cheaper as compared with American which perhaps is at least partially accountable for the fact that during the five weeks ended June 9 the Indian exports were only 49 per cent below the same period last season.

The greatest relative decline has been in the exports to the Continent the total for this season to June 9 being 65 per cent below the like period in 1930-31. Great Britain has taken 57 per cent less and Japan and China 51 per cent less.

Exports of Egyptian cotton

From August 1 to June 8 total exports of cotton from Alexandria amounted to 914,000 running bales, which was 147,000 bales or 19 per cent greater than the similar period in 1930-31 (data from the Chronicle), and 94,000 bales or 11 per cent larger than the 1929-30 season. This increase has taken place despite the fact that the 1931-32 Egyptian crop was 25 per cent smaller than the previous one and 27 per cent smaller than the 1929-30 crop. The explanation apparently lies in the fact that the Egyptian Government has been selling from their stocks in many cases on very favorable credit terms. A report from H. Earle Russell, American Consul at Alexandria, received this month gives the stocks of Government cotton held on April 28 this year compared with a year earlier, which shows they are approximately half as large now as a year ago. At about the end of April the Government owned stocks were reported at the equivalent of 314,000 bales of 478 pounds.

Of the 147,000 bale increase in exports over last season Great Britain alone accounted for 103,000 bales, the Continent and India 20,000 and America 24,000 running bales. During the five weeks ended June 8 exports of Egyptian cotton dropped slightly below the same period last season, due largely to the decline in the movement to the Continent and India.

The apparent supply of American cotton in the United States

Due to the excess of exports during May over those in May 1931 which was sufficient to more than offset the lower domestic consumption, the disappearance of American cotton from the United States during last month was larger than during the same month last year. The total disappearance from August 1 to May 31 this season has been a little over 1,600,000 bales greater than during the same period in 1930-31, but due to the larger cary-over at the beginning of this season and the more than 3,000,000 bale increase in production, there was on May 31, 1932 apparently almost 3,500,000 bales more American cotton in the United States than at the same time last year. The apparent supply in the United States at the end of May this year amounted to practically 11,300,000 bales, whereas a year earlier there were about 7,800,000 bales in the United States and compared with 8,415,000 bales at the same time in 1921.

By deducting the stocks of cotton held in consuming establishments and in public storage and at compresses we have a rough approximation of stocks held "elsewhere" in the United States which includes cotton on farms, etc.; cotton coastwise; cotton in transit to ports, interior towns, and mills; and cotton for export on shipboard but not cleared. At the end of May this cotton amounted to something like 2,310,000 bales, a decrease during the month of 181,000 bales or 7 per cent and was 1,140,000 bales or 97 per cent above the same date last year.

Forwardings to mills

From August 1 to June 10 the total amount of cotton moving out of sight or forwarded to mills amounted to 17,766,000 running bales which was 1,145,000 bales or 7 per cent greater than during the same period last season, according to data from the Commercial and Financial Chronicle. Forwardings of American cotton during this period totaled 13,245,000 running bales compared with 11,473,000 bales in the like period of 1930-31 or an increase of 15 per cent, whereas foreign cotton moving out of sight this season up to June 10 totaled only 4,521,000 bales or 12 per cent less than last season.

During recent weeks mill takings have not maintained the increase over a year earlier as was true during most of the season. For the five weeks ended June 10 total forwardings were reported at 1,283,000 running bales which was 20 per cent less than during the same period last season. A similar comparison of American shows a decrease of 15 per cent, and of foreign cotton a decrease of 29 per cent from the corresponding five weeks last season.

Continental spinners takings

During the four weeks ended May 13, continental spinners takings of American cotton amounted to 327,000 running bales which were slightly (7,000 bales) below the previous four weeks, but were 45,000 bales or 16 per cent above the corresponding period last year, according to data from Agricultural Attaché Steere at Berlin. For the season to the middle of May continental spinners took about 100,000 bales more American cotton than in the like period last season. This is the first time since 1926-27 that these takings for the season to mid-May have exceeded those during the same period the previous season.

The Textile Situation

United States

Unfavorable developments in the general business situation and the continued low level of sales have caused rather sharp reductions in mill activity during the past two months. In March total domestic consumption of raw cotton amounted to 489,000 running bales or about the same as a year earlier, but in April there was a 25 per cent decline in consumption from March and a drop from April, 1931, of 28 per cent. In May there was a further drop, the 332,000 bales consumed being the smallest for any month since December, 1920, was 10 per cent less than the previous month and was 29 per cent below a year earlier. At the end of May the total consumption for the season was reported at 4,270,000 bales which compared with 4,358,000 bales during the same period last season. This was the first time this season that the consumption from the beginning of the season as reported by the Bureau of the Census has been less than in the like period of 1930-31.

During May there was a substantial increase in the sales of carded cotton cloth in the United States, the weekly average amounting to 36.4 million yards, or 42 per cent above the low levels of April and was slightly above the March levels. This together with a further curtailment in production of about 11 per cent for the month resulted in a ratio of sales to production of 79.3 per cent compared with 49.9 per cent in April and 58.1 per cent in March. Shipments, or what is now called billings, increased slightly in May and were larger than sales so that the net effect for the month showed an increase in stocks of 4.4 per cent and a decrease in unfilled orders of 11.3 per cent. On the whole the report of the Association of Cotton Textile Merchants of New York from which the above data were obtained, was perhaps more favorable than had been anticipated.

Great Britain

The British cotton textile industry is still probably considerably more active than a year ago but is probably not so active as two or three months ago. During recent weeks the general world-wide economic uncertainties as well as domestic labor difficulties and the further decline in cotton prices have been disturbing factors tending to restrict sales. Exports of cotton piece goods, however, have held up, the total for May equaling 201,000,000 square yards compared with 199,000,000 square yards in April, and 203,000,000 square yards in March, and were the largest for two years with the exception of March. From August 1 to the end of May total piece goods exports amounted to 1,645,000,000 square yards which were 209,000,000 square yards or 15 per cent greater than in the same period last season. Exports thus far this season, however, have been much lower than for a like ten months period for many years, except in 1930-31.

Continental Europe 1/

May brought no significant change in the continental cotton textile situation, although the further decline of raw material prices exerted an unfavorable influence during most of the month. Seasonal improvement in mill business was of very limited extent and generally spotted in character. Critical financial conditions and the exceedingly low level of business operations in virtually all continental countries, coupled with further aggravation of the political situation in central Europe, have continued to govern both sentiment and actual business in the cotton industry and distributing trades. Cotton circles voice no hope of improvement until the rising surge of political uncertainty has subsided, and some definite trend becomes evident in both the political and economic outlook. For months the cotton industry, like most other industries, has been contending with new and unforeseen developments arising almost over-night, and this situation still prevails.

Continental cotton textile centers indicate little change in the volume or character of cotton yarn and cotton cloth sales, as compared with

1/ Based on a report from Agricultural Attaché L. V. Steere at Berlin, dated June 6, 1932, supplemented by cable June 14.

the reduced level of orders booked in April. Seasonal revival in sales of cloth has remained spotted, due to uncertainty about price developments - induced by the continued decline of raw material - as well as by reduced purchasing power and general business uncertainty. Moreover, spinners and weavers are pessimistic as to future prospects, even though stocks of cotton yarn and cloth in the contral European countries and Italy are relatively modest and would seem to enable the placing of materially larger orders for goods once deterrent influences lose their force. There is little doubt but that unfilled orders on the books of both spinners and clothmakers are at very low levels in all countries.

Cotton mill activity throughout central Europe, because of the developments pictured above, has undergone no substantial change during May, though a slight increase in operations may have occurred in France and Belgium, and a certain decrease seems to have occurred in Italy. Generally speaking, operations are close to minimum level, and no substantial further decline seems to be in prospect, unless a marked turn for the worse should appear in the field of international trade. Mill activity on the Continent up to the present time has not been significantly effected by the numerous foreign exchange restrictions. The necessity character of cotton goods, and the fact that cotton in a non-competitive product, as well as the importance of the cotton industry as an employer of labor, place cotton in a preferred position among imported commodities, and it is likely to rank after indispensible foodstuffs in the allotment of foreign currencies and other restrictive measures for the curtailment of imports which are now so widely being employed in European countries. Even cotton, however, will not escape some pressure from restrictions on foreign exchange allotments if trade balances require more drastic measures, and there is some evidence from certain central European countries, including Germany, that exchange allotments for raw cotton imports are not satisfactory to all concerned. To what extent these complaints are due to efforts to forestall raw material difficulties is not apparent, but it is quite obvious from the relatively large imports of raw cotton into central European countries in recent months - considering current levels of consumption - that there has been a fairly widespread effort on the part of merchants and spinners to anticipate their raw material requirements because of the shortage of exchange.

Continental spinner buying of raw material has been relatively restricted during May, but with a fair amount of purchases for near delivery by central European interests. New crop cotton has been entirely neglected. A considerable volume of price-fixing, however, has been induced by the much reduced level of raw cotton prices now prevailing. This applies particularly to central European spinners. The general quietness of the raw material market during May was doubtless partially attributable, on the other hand, to the influence of the Whitsun holidays, one of the important European holiday seasons.

Germany

Reports of the Cotton Spinners and Weavers Association in Germany for the month of May show that the month brought no improvement in either yarn or cloth business, but that new orders were further reduced except for some seasonal pick-up in orders for cotton goods. Unfilled orders for yarn were equivalent to only a short period of operations. The continued decline in

the raw market has made for great reluctance on the part of buyers, with the result that the volume of new business booked by both spinners and weavers has been generally poor.

The German spinners report of April likewise indicated very small business, with practically no revival in yarn sales and comparatively little calling on old contracts. Weekness in the raw meterial market was an important factor during April, even though yarn prices were so low as to be the object of general complaint by spinners. The German clothmakers also reported quiet business during April, with only spotted improvement in bookings of summer fabrics. The weekness of raw material prices likewise influences wholesale distributors of cotton goods, notwithstanding very low margins quoted by cloth mills. In this connection, a recent report of the German Institute for Economic Research points out that margins for both spinners and weavers have declined during the first few months of the current year, undoubtedly as a result of the increasingly critical situation in foreign trade.

Actual data on activity in German cotton spinning and weaving mills is not available beyond March, but spinning activity rose considerably during the first three months of 1932 from 86.9 per cent in January to 98.9 per cent in March, since which time a further rise seems doubtful. The March level, however, was about 15 per cent above operations in March, 1931, and about on a par with activity two years ago. Operations in the cloth mills have been fluctuating somewhat in recent months, but tending to hold around a level of 75 per cent capacity on basis of a nine-hour shift. Occupation in the cloth mills is thus considerably above the rate prevailing a year ago, and about on a par with two years ago, in other words, it is tending to parallel the movement of spinning operations.

The press has announced an agreement between the two large cotton weavers' associations in Southern Germany and Rhineland-Westphalia to reduce production by up to 20 per cent, beginning June 6, for at least four weeks, with a provision that the agreement can be prolonged. This decision cannot be without effect on the occupation of spinning mills. The extremely unsatisfactory margins of the industry have brought about this step.

Net imports of raw cotton into Germany so far this year are on a level with last year's figures, with imports from August 1 to the end of April amounting to 232,000 metric tons or the equivalent of approximately 1,070,000 bales of 478 pounds as compared with about 1,061,000 bales for the same period last year and 1,195,000 bales two years ago. Increased imports in recent months, when compared with imports of previous years, are believed to reflect, to some extent, an effort by spinners to obtain raw material before serious difficulties in securing foreign exchange have materialized, but it is also true that German consumption of cotton in recent months has been holding considerably above consumption at this time last year. German imports of cotton yarn and cloth have again fallen to low levels, following increased imports in December, January and February, when foreign dumping competition stimulated relatively large bookings. The subsequent decline is attributed to restrictions of foreign exchange allotments. Exports of German cotton goods have also fallen to low levels, or to half or one-third as much as in the corresponding periods of previous years.

Spinner purchases of raw cotton at Bremen were relatively small during May, though with a slight improvement evident toward the end of the month. On the other hand, early May witnessed considerable price-fixing by spinners and the covering of some needs for near cotton. Later, the Whitsun holidays played a considerable role in the restriction of raw cotton business, while some merchants also complained of the effect of curtailed currency allotments on spinner interests for new purchases of raw material.

Germany exchanging fertilizer for Egyptian cotton

It was reported during May that negotiations were on between 12 Bremen cotton importing firms, and the Egyptian Government relative to the acquisition of 25,000 to 30,000 bales of Egyptian cotton out of Government stabilization stocks. It was further reported that this purchase of cotton would be made against delivery of artificial fertilizer from the German Dye Trust. Although confirmation of the actual conclusion of this trade is not obtainable, it is believed that the agreement has been completed.

Czechoslovakia

The position of the cotton textile industry in Czechoslovakia is reported to be growing steadily worse. The seasonal revival usually evident for cotton cloth in the spring months has remained far below normal, with both domestic and foreign demand undergoing drastic contraction. An additional blow to export possibilities has been a recent announcement of a further curtailment of Hungarian imports of cotton goods, the takings of which from Czechoslovakia were already reduced by the fact that the commercial treaty between the two countries has been out of force for some months. The import quota for Czechoslovakian cotton goods just arrived at in negotiation with France is also regarded as unfavorable to the Czechoslovakian cotton industry, although cotton goods exports to France are not very important.

The steady dwindling in Czechoslovakia's export outlets for cotton textiles has also been aggravated recently by the continued decline in the price of raw meterial, as well as by numerous bankruptcies among Czechoslovakian textile consumers in foreign countries. All in all, therefore, the prospects for raw cotton consumption in Czechoslovakia in the coming months are not at all encouraging and in early June the spinners association announced that all mills would be shut down one month this summer.

Austria

The cotton mill situation in Austria continues very unfavorable; it has not been improved by recent political and financial developments. It is not impossible, however, that matters may take an even more unfavorable turn unless constructive steps to correct the weak position of the currency are taken in the near future.

Austrian imports of raw cotton since the first of the season have been relatively high in comparison with last year and the year before, but this is not a development based on increased mill activity in cotton consumption. It reflects the efforts of the industry to procure raw materials before restrictions on the allotment of foreign exchange would interfere with the flow of supplies.

France

Reports from French textile centers during May indicate relatively quiet demand for yarn, though some improvement was evident in Alsace. Sales of cotton fabrics were also restricted, particularly at Roubaix-Tourcoing, but a somewhat more satisfactory demand for cloth was indicated at Rouen, especially for colored goods, though grey goods continued neglected. The best demand, relatively speaking, came from the French colonies. For May as a whole, there is every indication that business was better than the relatively poor trade in April although the attitude of buyers continued one of caution.

General political uncertainty, due partially to the delay in forming a new French Government, and weakness in the raw cotton market are indicated to have been factors of considerable weight in both the cotton goods and raw material markets during the month. Spinner buying of raws at Havre was unusually quiet, and the same was true of price fixing, contrary to developments in central Europe, where more active interest in price fixing was registered. New purchases by spinners were confined to spot cotton, and interest in new crop was practically nil. Havre reports also stated that the Egyptian Government has discontinued efforts towards further liquidation of its stabilization stocks, apparently in hopes that better prices will prevail for raw cotton later.

Negotiations have been going on in France for some time in regard to import contingents for cotton goods from England, Czechoslovakia and Germany, and these negotiations are now reported to have come to an end. Taking average imports into France during the three years 1929-1931 as a basis, the contingent for 1932 in the case of Germany varies from 35 to 77 per cent of the basis figures. These quotas are expected to come into force on July 1, but must be ratified before that date by the respective Governments.

Italy

The Italian textile situation during May showed no essential change over April, but the general tone of trade comment is not quite so favorable as hitherto from the standpoint of possible future developments.

Mill consumption of American cotton continues around 15 per cent above consumption last year, and yarn sales remain somewhat larger than current production, with yarn stocks tending to recede slowly, as for some time past. Possible unfavorable developments in future business for the Italian textile industry are not as yet reflected in the order situation. Unfilled orders for yarn and cloth have continued to increase slowly in May and are now 20 per cent above last year, but still materially below bookings in the three years previous. Spinning activity is also still holding to the levels hitherto prevailing. These facts indicate the maintaining of a cautious production policy in the Italian cotton spinning industry. Opinion is not lacking, however, that threatened unfavorable developments in both domestic and export markets may bring about a reversal of previous trends.

Spinner buying of raw cotton has remained small and mostly for near positions, while price fixing continues moderate.

Russia

Production of finished fabrics in Russia during April was reported about 2 per cent short of that during the foregoing month, but fully 16 per cent above the corresponding month a year ago. The total quantity produced was reported as 234,577,000 yards which was 92.6 per cent of the monthly plan. Yarn production was about sustained at March levels; the monthly plan, however, was completed to a larger extent than with finished fabrics, actual production falling only 2.5 per cent behind the plan, compared with 7.4 per cent in the case of finished goods.

Failure to utilize equipment fully is given as the chief reason for the cotton industry's lagging behind its plan, rather than a shortage of raw material as has been the case some years. According to the data for the first quarter of the current year, 16.98 per cent of all equipment was idle during the first three months of 1932 in consequence of shortage of electric power, shortage of fuel, lack of supplementary material and frequent repairs. Fluctuations in personnel were another important factor, figures for the first quarter of 1932 indicating that 13.85 per cent of the workers were new workers engaged during that period, while 13.14 per cent of the old workers left. Poor working discipline, resulting in frequent absence from the plant without any important reason, is also mentioned.

The present pace of cotton textile production does not promise the execution of this year's production plan, which provides for a total output of 3,347,510,000 yards of finished fabrics, or about 25 per cent increase over 1931.

Recently it has been reported that Russia has planned to purchase a considerable amount of Egyptian cotton which may mean that some Russian cotton will be marketed in Europe.

China

The cotton market at Shanghai has become inactive recently and Chinese cotton and yarn prices have increased in sympathy with American cotton and poor domestic demand, Agricultural Commissioner Dawson at Shanghai cabled on June 15.

Yarn stocks were reported as accumulating. During the last week in May yarn demand improved but during the first half of June the market became dull due to poor demand from north China and only moderate business from the interior and south China. The Chinese complain of strong competition from Japanese yarn. The piece goods market in early June was also weak with only a small volume of business transacted. Shanghai mills at mid-June were operating at about 80 per cent of capacity with some mills considering future reductions in operations. A month earlier it was estimated that activity in the Chinese owned mills was about 90 per cent of capacity. It will be remembered that in February military operations resulted in a decline in activity to about 35 per cent of capacity.

Arrivals of American cotton, October to April inclusive, have been about 697,000 bales of 478 pounds according to Mr. Dawson's cable which compares with something like 279,000 bales during the same period last season. Arrivals of Indian cotton during the like period this season totaled 137,000 equivalent bales of 478 pounds or about half as much as from October to April 1930-31. Stocks of raw cotton (mostly American) were heavy at both the wharves and mills at mid-June and only a small amount of forward bookings was taking place although some increase in the purchases of Indian cotton was reported. Arrivals of native cotton at Shanghai continue small, but stocks of such cotton at Chengchow, Tientsin and Tsinan were reported as larger than usual due to the dealers holdings hoping for higher prices.

Japan

Yarn production in Japan during April amounted to 240,000 bales of about 400 pounds each which compared with 232,000 bales in March and 206,000 bales in April, 1931. This was the largest monthly yarn production for more than two years and has only been exceeded four times (the four months September to December, 1929) in the history of the Japanese industry. With considerably larger proportions of American cotton being used than ever before this high rate of activity means that the monthly consumption of American cotton was at record levels. A recent cable from Japan states that yarn production in May amounted to 233,000 bales which was slightly below April.

Exports of cotton cloth from Japan amounted to 135,000,000 yards in April which was 13,000 bales below the previous month, but almost twice as large as last December when cloth exports fell to 76,000 bales.

Imports of American cotton continue to run above last year while imports of Indian cotton have continued much lower than the corresponding period of 1931. As a result of the import movement visible stocks of American cotton in Japan are higher than last year and stocks of Indian lower.

A report from Consul Donovan in early June stated that Japanese spinners had been reaping fair profits during the previous two months and that weavers' margins had been good. Export demand for low count yarns was said to have been good and weavers of some fabrics were reported to have been sold out until mid-August.

Production, Acreage and Crop Conditions

United States

During most of the planting and harvesting season up until early June weather conditions on the whole had been fairly favorable for the development of the crop, but recently there has been a considerable amount of rain. The rains have been so persistant and general that this is said to have been the principal cause of the advance of about $1.50 per bale in prices from June 9 to June 21. There are three possible detrimental effects of too much rain, first, the possible effect on the growth of the plant, second, the increased difficulties of cultivation, and third, the fact that rainy conditions are generally more favorable to the development of the boll weevil.

Fertilizer tag sales in May were 30 per cent below May, 1931, and were the lowest for that month since 1926. From December 1 to May 31 total sales of fertilizer tags in 8 States amounted to only 1,782,000 tons which was 41 per cent below the same period last season and was considerably lower than during the like period for more than a decade.

On July 8 the official acreage estimate will be released and will probably receive more attention than usual since it is generally admitted that the acreage this year will probably be more difficult to estimate than usual. At present private agencies are estimating that the acreage this year will be between 5 and 10 per cent below last year.

Russia

The Russian cotton planting campaign is nearing its completion, with 95.5 per cent of the plan reported planted as of May 25. Total area sown to that date in the Union as a whole was reported at 5,802,000 acres as compared with 5,817,000 acres reported for the same date a year ago, and 5,346,000 acres the final acreage reported for 1931. As was the case last year, the campaign was drawn out beyond the optimum sowing dates, with only 55.9 per cent of the plan reported planted on May 5, when sowings were supposed to be completed, according to Government plans; but this represents considerable improvement over last year when only 39.4 per cent of the plan was sown to that date. Should the acreage reported as having been planted exceed the actual acreage to anything like the same extent it did last year, the 6,076,000 acres called for in the plan will not be reached. Last year reports from Russia stated that up to June 20, 6,207,000 acres had been planted, which was 861,000 acres or 16 per cent greater than the final acreage reported. There may be some attempt this year to prevent such a discrepancy.

Complaints have been frequent in the Soviet press about poor field work and a delay between ploughing and planting. It has also been stated that some regions of Middle Asia, the chief cotton producing region of the Union, will experience a scarcity of water in the irrigation system. However, these complaints are more or less of a perennial character, reappearing each season at this time of the year.

China

Present reports indicate that the 1932 cotton acreage in China will be about the same as last year. Shchsi, Honan, Hopei and Shangtung report that the new crop has had a good start due to favorable rains at planting time.

Egypt

The first three weeks of May were abnormally cold in all parts of Egypt, but weather conditions improved during the last of the month, according to a report from Senior Marketing Specialist, P. K. Norris at Cairo, Egypt, dated June 1, 1932. Low temperature accompanied by high humidity and fog were common to most of the country during the first half of the month. This condition was responsible for more than the usual amount of replanting; particularly was this true in the lower delta where cold, damp nights and high winds

added to the unfavorable growing conditions. The entire crop of Egypt is from ten to fifteen days late according to the section of the country.

Early planting is reported as doing well, but late and replanted fields are still in poor condition. The crop of Upper Egypt is expected to start blooming in a few days and become general by the middle of June. In Lower Egypt blooms are not likely to be seen before July 1. No insect damage is reported.

Fields do not look as clean as a year ago. This is said to be due to the present condition of the farmer who is trying to cut production expenses to a minimum. Very little help is being employed and wages are very low. Private reports state the amount of commercial fertilizer used this season has fallen from 40 to 50 per cent below previous years.

The Nile is reported at normal flow and the canals were all filled during May. Watering so far is on the basis of six days water and twelve days dry for cotton. The heavy water requirements, however, will come from the latter part of June until the flood season in September.

Egypt is always more or less subject to a water shortage during this summer period.

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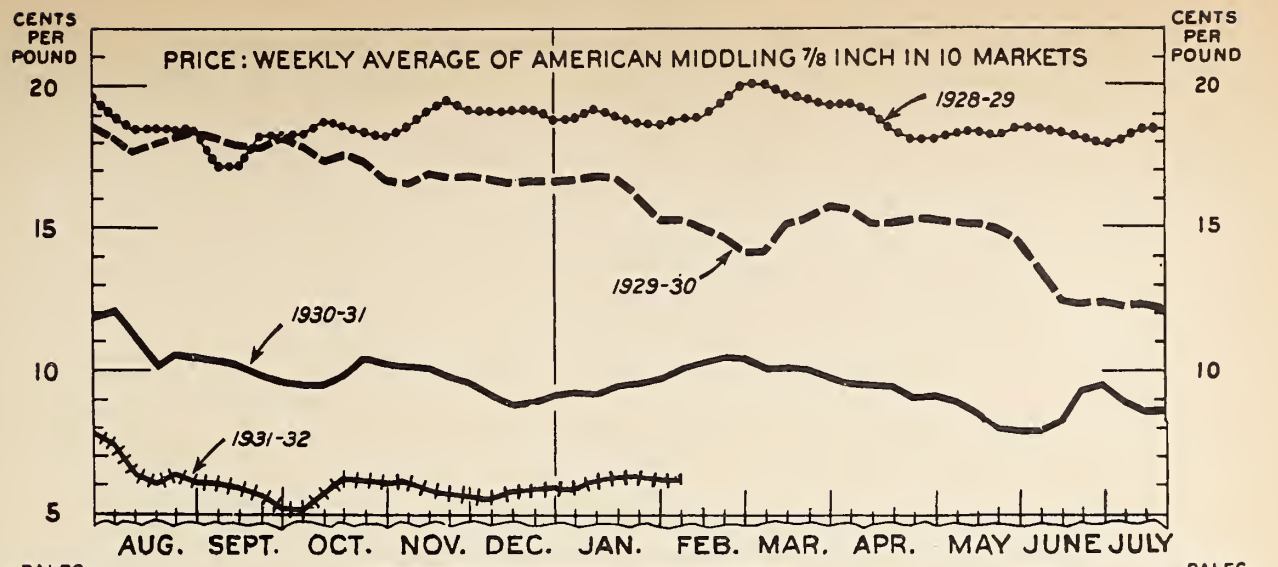
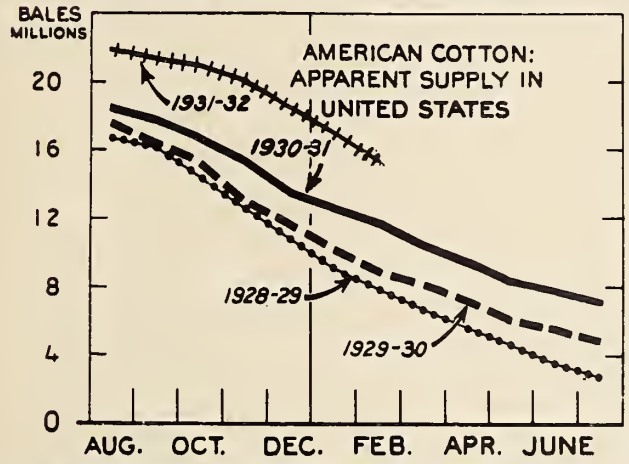
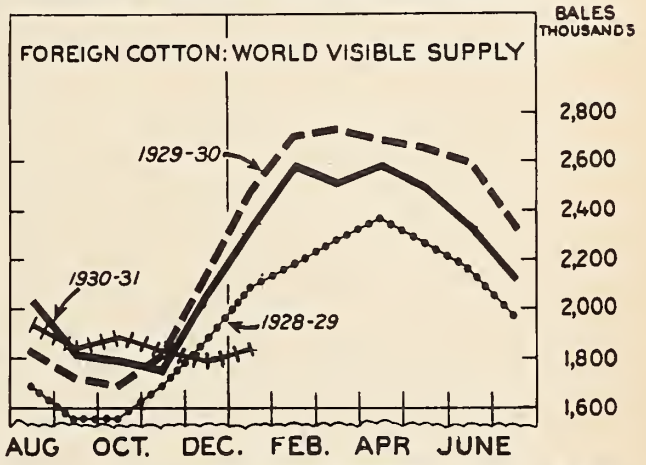
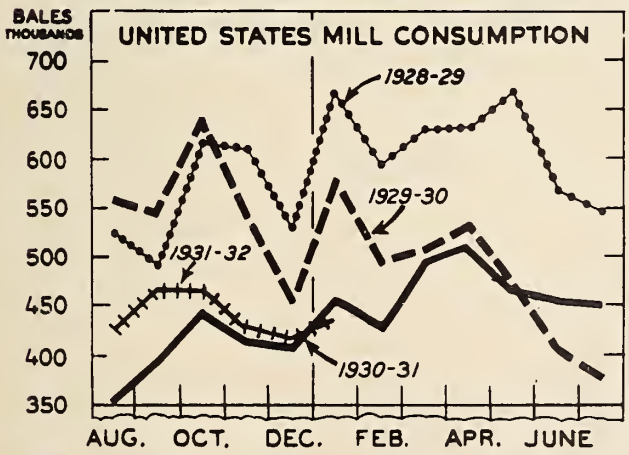
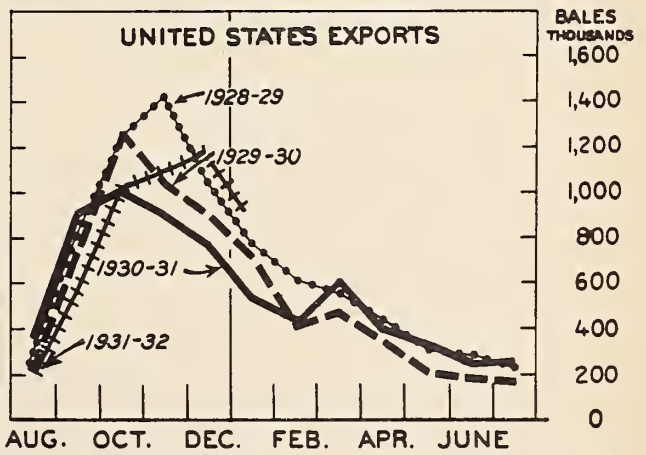
THE COTTON PROSPECT

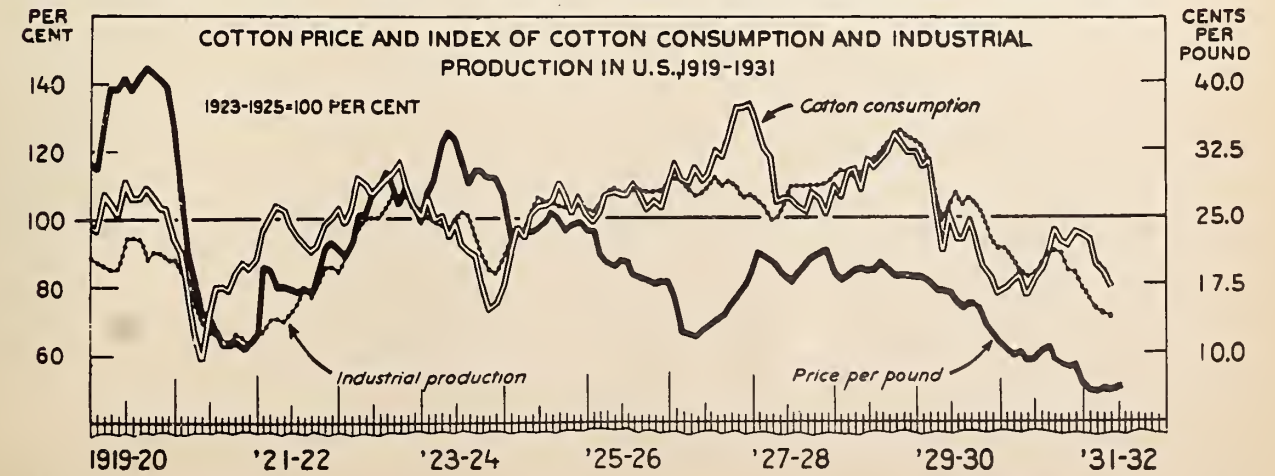












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C-82 July 28, 1932

WORLD COTTON PROSPECTS

Summary

Domestic cotton acreage on July 1 this year has been estimated at 37,290,000 acres. This figure is 9.5 per cent below last year, 19.1 per cent less than in 1930, 23.5 per cent below the record acreage of 1926, and is the lowest since 1922, according to the Bureau of Agricultural Economics. Sales of fertilizer tags indicate that there has apparently been about 40 per cent less fertilizer applied to cotton in the United States this year than last and close to 60 per cent less than in each of the three years 1928, 1929 and 1930. Large numbers of boll weevils have been reported recently in many parts of the Belt. In Egypt the 1932-33 cotton acreage has been officially estimated at 1,135,000 acres which is 35 per cent below last year, 48 per cent less than in 1930-31, and is the smallest estimate since the 1896-97 season. Factors contributing to a large decrease this year include the law restricting cotton acreage to about one-fourth of the total crop area, low cotton prices, a new tariff on wheat, and the removal of the restrictions on rice growing due to the abundant supply of water this year. It is said, however, that the trade in Alexandria consider the estimated decrease too large.

In China it is thought that the 1932-33 acreage is near that of last year although some indications point to a small reduction. Yields this year should be closer to normal as the crop suffered from drought a year ago. In Russia numerous complaints have been made about the care and progress of the new crop particularly in the so-called new regions. The acreage is

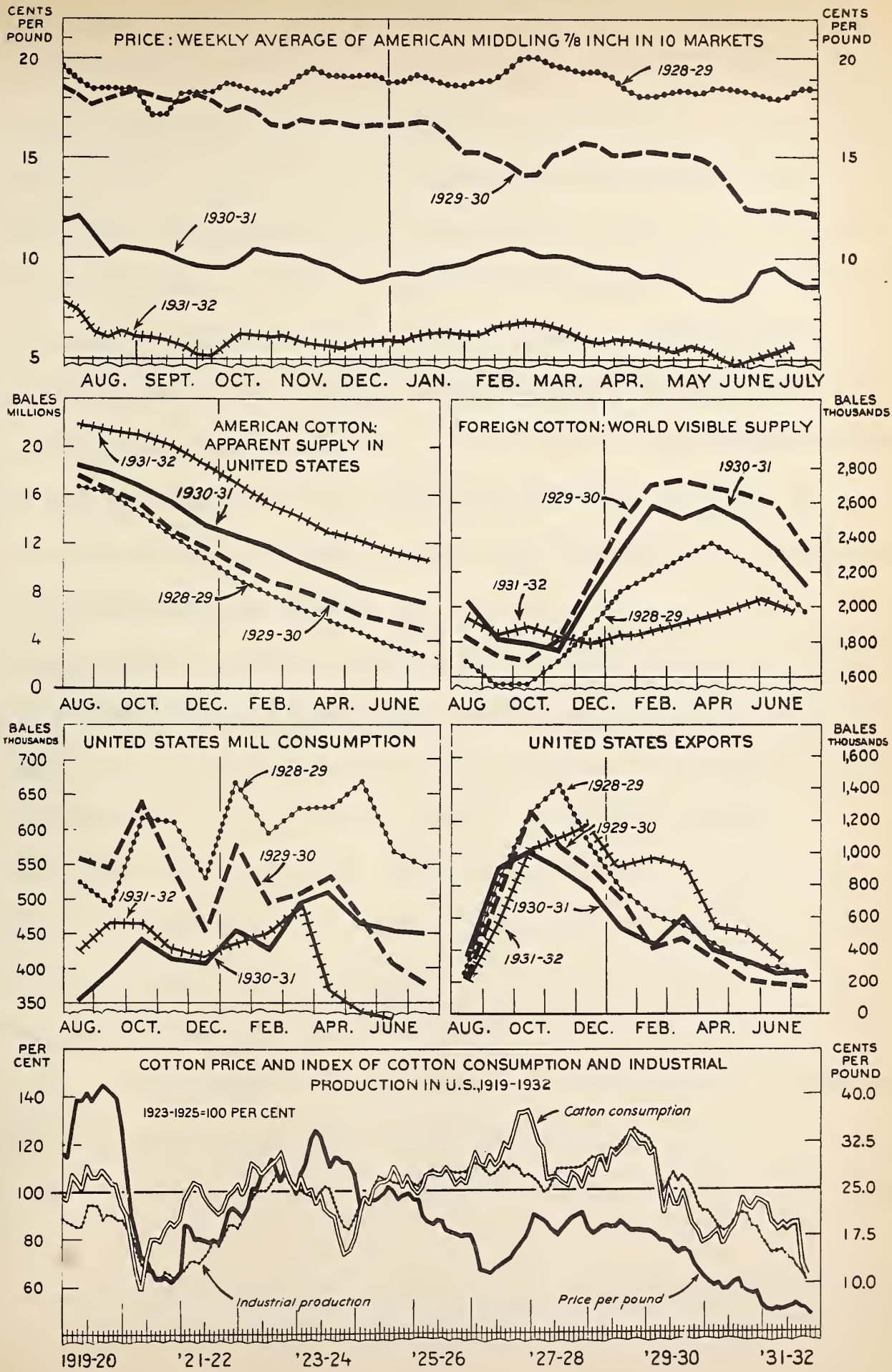
not known yet, but the plan calls for an increase of only 14 per cent.

The domestic cotton textile industry made a fairly satisfactory showing in June. Total consumption of raw cotton was only slightly lower than in May, the decrease being less than usual and less than was generally expected early in the month. There was an increase in domestic sales of cotton cloth in June which, accompanied by a reduction in production, brought the ratio of sales to production up to 93.8 per cent whereas during the previous three months sales averaged only 62 per cent of production. Cotton consumption and cotton cloth sales were both much lower than in June last year.

In Great Britain it is probable that cotton consumption has declined somewhat in recent weeks due to the decline which has occurred in sales and unfilled orders for cotton textiles. However, some improvement in foreign demand for both cloth and yarn was reported about mid-July. On the Continent further decreases in cotton consumption apparently took place in June in line with the decline in sales of cotton textiles. It has been reported, however, that the statistical position of the continental industry as a whole is such that with an improvement in economic conditions there would be an immediate improvement in cotton mill activity and cotton consumption. The Polish cotton industry is said to be about the only country in continental Europe which offers an exception to a picture of generally depressed and deteriorating conditions. Here sales of both yarns and fabrics in June and early July are said to have picked up considerably and, despite the marked increase in mill activity which occurred in April and May, stocks of goods have been reduced to low levels.

The cotton mills in Japan in June continued to run at almost record levels and their exports of cotton cloth continued large, but in China the Japanese owned mills at mid-July were reported as operating at only about 30 per cent of normal. The Chinese owned mills in China, however, were operating at rates near normal.

THE COTTON PROSPECT



U S DEPARTMENT OF AGRICULTURE

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The export movement of American cotton in June declined seasonally, but was 105,000 running bales or 41 per cent larger than in June 1931 and 95 per cent larger than in the same month two years earlier. For the first eleven months of the 1931-32 season domestic exports were about 1,757,000 bales larger than from August through June 1930-31 This increase has been largely at the expense of Indian, as illustrated by the fact that from August 1 to July 14 Indian exports were about 1,517,000 bales (of 478 pounds) less than during the like period last season. Although exports from the United States have been unusually large this season and domestic consumption only slightly less than last season there was on July 1 record stocks of cotton in the United States which means that the 1932-33 season will begin with the largest carry-over of American cotton on record.

Cotton prices started this season at 7.52 cents per pound (average of the ten spot markets), on October 5 fell to 4.89 cents, but as a result of heavy purchases by the Orient, short crops in some of the important foreign producing countries and the holding movement in the South, cotton prices advanced considerably and on March 2 averaged 6.77 cents. Following that date prices again started declining in view of the continued declines in general business and prices of industrial stocks and the realization that foreign consumption was not keeping pace with exports. By June 9 the average price in the above markets reached a new low record of 4.76 cents, recovered somewhat after that date, and on July 23 was 5.42 cents.

Prices

Spots

In early June prices of American cotton in domestic markets declined to new low levels, the average of the ten spot markets on June 9 being 4.76 cents per pound, but by July 6 these markets averaged 5.88 cents, due perhaps largely to weather conditions unfavorable to the growing American crop. Since early July weather conditions have been considered as detrimental to the boll weevil and therefore of a bearish nature. As a result prices declined and on

July 23 the designated markets averaged 5.42 cents per pound. As is generally the case unless some very unusual condition arises, prices in the other domestic markets moved about as they did in the ten markets.

In the Liverpool market prices of most growths are usually dependent to a large extent upon the situation regarding American cotton and the major price fluctuations are about the same as in the domestic markets. A comparison of the movement of prices of American and Indian cotton in Liverpool during the past three months shows that in May certain types of Indian cotton averaged 88.1 per cent of the average of American middling and Low middling, in June they averaged 88.6 per cent and on the first three Fridays of July, 87.1 per cent. While Indian is not now as high priced relative to American as last January and February when the ratios were 98.9 and 93.6 per cent respectively, prices of Indian are still higher in comparison with American than in any other season since 1926-27. For the season just ending prices of Indian cotton in Liverpool have averaged slightly higher relative to American than during the 1926-27 season.

Stocks and Movements

Exports of American cotton

Exports from the United States in June totaled 360,000 running bales which were 105,000 bales or 41 per cent larger than in June 1931, 95 per cent larger than June 1930, and 20 per cent more than in the same period of 1929, according to data released by the Bureau of the Census. This brought the total exports from August 1 to June 30 to 8,258,000 bales which compares with 6,501,000 bales during the corresponding months of 1930-31, an increase of 1,757,000 bales or 27 per cent. The increase over 1929-30 was about the same as that over 1930-31. The eleven months exports were the largest for any similar period since 1913-14 with the exception of the record season of 1926-27. In 1926-27 the supply of American cotton was large and foreign mill activity was high which, together with a considerable accumulation of stocks by foreign countries for future use, accounted for the large exports of that season. This season foreign demand and mill activity have not been high, but the unusually large supply of American cotton in conjunction with reduced supplies of certain foreign cottons and some accumulation of stocks of American cotton in the Orient have been responsible for the heavy oversea movement.

Indian and Egyptian exports

The export movement of Indian cotton this season has been very small, due to the short Indian crop and heavy demand of the cotton textile mills in India coupled with the record supply and low prices of American cotton. From August 1 to July 14 total exports of Indian cotton amounted to 1,425,000 running bales, a decrease of 1,813,000 running bales under the same period last season. This decrease is equivalent to 1,517,000 bales of 478 pounds. This compares with an increase in the American exports of 1,757,000 bales of about the same weight during practically the same period. The exports of Indian cotton this season have been the smallest for any season since 1918-19.

Egyptian exports this season have been larger than last season. For the season from August 1 to mid-July the data in the Commercial and Financial Chronicle show that exports from Alexandria totaled 979,000 bales of about 750 pounds compared with 857,000 bales during the corresponding period last season. In 1930-31 Egyptian exports were restricted by the sales policy of the Egyptian Government, whereas, this season the Government has been selling its cotton, much of it on easy credit terms and some has been exchanged for commodities Egypt imports.

Stocks of American cotton

The apparent supply of American cotton remaining in the United States on July 1 was 10.6 million bales, compared with 7.1 million a year earlier, and 5.0 million two years earlier. There is little doubt, therefore, that the carryover of American cotton at the end of this season both in the United States and the world will be the largest on record.

Most of the increase in stocks of American cotton in the United States has taken place in the stocks in public storage and at compresses and in stocks "elsewhere" although there are about 213,000 bales more held by domestic consuming establishments at the end of June this year than a year earlier.

Textile Situation

United States

Domestic consumption in June showed a decline of only 11,000 bales or 3.3 per cent from May, according to data released by the Bureau of the Census, which was less than the usual seasonal decline from May to June. This is not an unexpected development in view of the fact that the decline from March through May this year was much more than usual. However, some of the reports in early June on mill activity in the textile centers indicated that consumption in June might drop considerably below even the low levels of May. Consumption in June which totaled 321,000 running bales was 168,000 bales or 34 per cent below March, whereas, the usual seasonal decline from March through June in recent years has been about 10 to 12 per cent. Last month's consumption was 133,000 bales or 29 per cent below June 1931. Total consumption for the eleven months ended June 30, 1932 was 4,590,000 bales, 222,000 bales or 4.6 per cent below the like period in 1930-31 and was the lowest for the corresponding period since the 1920-21 season.

In the domestic cotton cloth industry there was a further curtailment of production in June in an attempt to bring production and sales more nearly in line again. In the three months March, April and May sales of cloth as reported by the Association of Cotton Textile Merchants of New York averaged only 62 per cent of production which in conjunction with reduced shipments brought increased stocks and a reduction in unfilled orders.

A slight increase in sales occurred in June which accompanied by the decreased production brought the ratio of sales to production of 93.8 per cent. Shipments of cloth in June were slightly above production resulting in a decrease during the month in stocks on hand although unfilled orders again declined. On the whole the developments in the domestic cotton textile industry during June were perhaps slightly more favorable than had been anticipated.

Great Britain

In the English cotton textile industry there have been for several weeks considerable disturbances due to wage disputes in the weaving sections. It is the opinion of some observers, however, that there is little danger of a strike. This situation was reported as unchanged at mid-July. During June yarn and cloth sales were reported as rather slow and on July 1 our trade observer in Manchester cabled that the order lists of the spinners and manufacturers were running down. During the first two weeks of July, however, demand improved and current sales are said to have equaled output.

Exports of cotton piece goods rose sharply from November until March, but the rise appears to have been checked, at least temporarily. During June exports of cotton piece goods amounted to 184.8 million square yards which was about 8 per cent less than May. The decline for June may have been only of a seasonal nature, as during the past ten years exports in June have been smaller than in May eight times and have averaged 14 per cent less. In May last year piece goods exports totaled only 132.8 million square yards and in May 1930, 158.7 million square yards. For the first eleven months of this cotton season total exports were 1,839.5 million square yards, 270.2 million square yards or 17 per cent larger than in the like period last season, but more than one billion square yards smaller than from August through June 1929-30.

Continental Europe 1/

A further sag in raw cotton consumption on the Continent is indicated in June reports from the chief textile centers. New business generally has failed to pick up, and has even slackened further in some countries, with a resultant slowing down of mill activity. Extreme caution about new commitments pending the conclusion of the conferences at Lausanne and Geneva seems to have been the dominating factor in this development, although the continued maintenance or spread of trade restrictions was not without influence. On the other hand, belief is not lacking that favorable results at these conferences might well lead to a genuine and substantial revival of business, with basic conditions in the cotton industry - stocks, prices, etc. - favorable for an upturn when other conditions permit.

The unsatisfactory development of mill orders in June extended to both yarns and cloth, with yarn sales relatively less favorable than new bookings for cloth. Sales did not drop off sharply in either branch of the industry, but the trend was definitely lower. Mill activity, similarily, was lower in both spinning and weaving establishments, although the recession was not sharp, considering the Continent as a whole. Reduction in mill operations was chiefly due to lower activity in Italy and France and organized restrictions in both yarn and cloth establishments in Germany.

Continental spinner buying of raw cotton was relatively limited during June, but somewhat more interest was evident in new crop, as is usual at this time of the year. The steadier movement of prices, following the weakness in May, was favorable for increased buying, but otherwise there was little incentive to purchases. Generally speaking, spinner and trade

1/ Based largely on a report from Agricultural Attache L. V. Steere at Berlin, dated July 7, 1932 supplemented by cable July 19.

interest in raw material seemed to be holding back in expectation of a clearer picture of the possible future movement of the market after the termination of the Lausanne conference. In any case, a renewed buying interest seems not unlikely to develop before long, as raw stocks on the Continent appear low and offer no obstacle to increased purchases in coming weeks.

Germany

Developments in the German cotton textile situation during June have been generally unfavorable from the standpoint of raw cotton consumption as well as textile sales. The June report of both the Spinners and Weavers Associations show that new orders were small, but some revival was reported for mixed fabrics. As a result of these unsatisfactory circumstances, the weavers' associations did not terminate the agreement for a 20 per cent curtailment of production which went into effect on June 6, for a four weeks' period, and the agreement, therefore, is automatically prolonged an additional four weeks, or until August 1. The negotiations of the cotton spinners for a general restrictions of production, which were more or less necessitated by the action of the cloth mills, have also been brought to a conclusion and a 20 per cent curtailment has been made effective beginning July 4, for a period of four weeks for mills exceeding a certain rate of activity. The reduction in spinning mill output on the whole, as a result of this agreement, is estimated at 10 to 15 per cent. As with the weavers' agreement, production remains automatically curtailed for an additional four weeks unless the arrangement is definitely terminated. There is a possibility that the curtailments will be prlonged even further.

The May report of the German Cotton Spinners' Association, which was published during June, confirmed private reports of unsatisfactory business by spinning mills during May, in fact, it painted an even darker picture than earlier private advices. The continued decline in raw material prices was cited as particularly hampering to the development of spinner and weaver business during the month, with the result that margins narrowed further, especially in the case of fine counts, where English competition was strong. The weaver report for May likewise reported continuation of the downward trend of new business, notwithstanding some increase of a seasonal character and from new fashion influences. Cloth margins continued the object of general complaint, with export sales of German cotton goods increasingly difficult to make as a result of boycott movements in Holland and the Scandinavian countries. Recent German agrarian relief measures have injured the export trade of these countries.

German spinner and merchant buying of raw cotton at Bremen was relatively restricted through June, with price fixing very moderate and new purchases of actual cotton confined to the covering of hand-to-mouth requirements. New crop cotton found somewhat greater interest in recent weeks, but no business of any great consequence has yet developed. Caution is still the watchword in the Bremen cotton market where a close watch is being kept on the Lausanne developments.

End-of-June trade reports state that negotiations looking to the exchange of German nitrogen against Eyptian raw cotton have been completed. A Bremen consortium of twelve cotton importers, under the leadership of a well-known firm, is to take over approximately 20,000 bales of cotton from the Egyptian Government stabilization stocks, through the intermediary of an Alexandria cotton firm. It is understood that payment for the cotton is

to be made in Reichsmarks, which Egyptian representatives will use for the purchase of nitrogen from the German Dye Trust. Shipment of the cotton, it is reported, will be made in the very near future C. I. F.

Bremen

For some weeks there have also been rumors that negotiations are in progress for an exchange of a similar character between the United States and Germany, with the important difference that a third country would be brought into the picture to obviate the opposition anticipated if German industrial goods should be imported into the United States in exchange for cotton. These negotiations, which are reported as of a private rather than official or semi-official character, are understood to have as a basis the idea of Germany taking American cotton and paying for it by exports of industrial goods to Brazil, which in turn, would send coffee to the United States. It is still very uncertain whether anything will come of these efforts, although influential people seem to be associated with them.

Czechoslovakia

The position of the Czechoslovakian cotton textile industry has continued very unfavorable throughout June, with increasing difficulty in export business as a result of growing foreign restrictions on imports, an important factor in the situation. New restrictions by foreign countries during June which affect Czechoslovakia, include additional textile quotas adopted in Switzerland and indications from Belgium of the application of quotas to an additional group of cotton and wool fabrics. The latest report of the Czechoslovakian National Bank, furthermore, states that the general depression in the textile industry shows no sign of alleviation, with very unsatisfactory cotton goods and yarn sales still the rule for domestic as well as export account.

As previously reported, the Czechoslovakian Cotton Spinners Association decided, in the first half of June, to curtail production during July and August by complete closing down of mill operations for one full month. It appears that mills will have the option of ceasing operations either for the entire month of July or the entire month of August or for one half of each month. As spinning mill activity in Czechoslovakia averaged about 60 per cent of capacity in June, these restrictions would mean average operations of approximately 30 per cent during July and August, providing activity is not speeded up during the period the mills are working.

Austria

June reports from the Austrian textile industry continue to indicate depressed conditions in the cotton mills, with little immediate prospect of improvement. The negotiations with the Egyptian Government for the purchase of 6,000 bales of Egyptian cotton from its stabilization stocks, on two years' credit, have been discontinued and, it is now believed that no transaction will be completed. The deal has apparently failed because of the inability of the Austrian Government to guarantee exemption of these credits from the moratorium on transfers which threatens in Austria. Raw cotton purchases by Austrian spinning mills in coming months seem likely to depend largely upon the success of private individuals in arranging clearing or barter agreements for Austrian products, because of the precarious position of Austria's trade balance.

France

Aside from a temporary revival of sales experienced at Rouen, reports from French spinning centers during June indicated a generally unsatisfactory inflow of new orders for yarn, with prices the object of general complaint. Some further restrictions in production have occurred, and more were reported in prospect, if orders did not improve in the near future.

Cloth mills, on the other hand, were able to book somewhat better orders toward the end of the month for the account of the colonies, and Alsacian mills have also had some fairly good export business for a number of specialties. Reports from the weaving centers, moreover, have recently been a little more optimistic about the possibility of an improvement in the demand for fabrics; favorable results at the conference at Lausanne, it is thought, would contribute materially to the confidence of fabric buyers.

Spinner buying of raw cotton at Le Havre has been relatively quiet throughout June, though increased interest was evident for a short time following the formation of the new Government. New crop cotton has attracted more interest than hitherto, and it is expected that some revival of raw buying will necessarily occur before long as a result of the low level of raw cotton stocks. Supplies at Le Havre are now reported to be the lowest in years.

The annual report of the French Syndicate of Cotton Spinners, issued at the recent general assembly, indicated that the severe restriction of credit by Paris banks last autumn worked a great hardship on numerous French mills. Subsequently it appears the tensity has somewhat relaxed, with the high point of the crisis reached in January 1932, when stocks of goods in the hands of weaving establishments reached a point about twice as high as in January 1930. Recent months have brought a steady decline in goods stocks, and it is now expected that mills can avoid the rather embarrassing position which some found themselves in at the beginning of the year.

Italy

The situation in the Italian cotton textile industry took a rather definite turn for the worse during June. The maintenance of mill operations, in the face of reduced sales of yarns and goods, has resulted in a rising tendency of stocks at both spinning and weaving establishments in recent weeks, and likewise a reversal in the hitherto upward trend of unfilled orders. The ratio of yarn sales to spinning mill output is now somewhat unfavorable after a rather long period of sound readjustment in the position of the industry.

Trade observers appear to expect this unfavorable tendency to persist for the weeks immediately ahead, with a resultant forced curtailment of mill operations, unless an unexpected revival occurs in both the cotton and yarn fabrics markets, where current prices are apparently below a level adequate to cover production costs. Under these conditions, it is not surprising that both c. i. f. and spot buying of cotton by spinners and merchants has been very limited during the month of June.

Belgium

A recent report from Vice-Consul Christiani at Ghent indicates that the cotton textile industry in the Ghent Consulate District has recently been operating at only 35 per cent of normal activity. The cotton trade, moreover, is pessimistic about the future.

Poland

Poland offers the only exception to a picture of generally depressed conditions in the cotton industry. Latest advices state that wholesale and retail stocks of goods have been reduced to low levels, and that sales of both yarns and fabrics have picked up quite encouragingly in recent weeks. Spinning mill activity has improved to quite a notable degree in 1932, as can be seen from the following table:

Spinning Mill Activity

	Per cent
January	77
February	71
March	74
April	92
May	89

Manufacturing margins in the cotton textile industry in Poland now appear to be larger than in any other European country, and are apparently satisfactory to both spinners and weavers. The change in conditions which has come about since a year ago is attributed to the efforts of the Spinners Cartel to regulate working hours and avoid over-production. There is reason for doubting whether the Cartel will continue to be successful in keeping members in line, once stocks and prices reach levels where expansion of production again seems justified. The relatively high price level for cotton goods in Poland would seem to eliminate any possibility for export business, and production capacity in Poland is considerably above domestic market requirements.

Notwithstanding the better reports from the cotton industry, Polish raw cotton purchases have continued on a hand-to-mouth basis up to the present time, and interest for new crop has also remained restricted.

A recent report from Poland indicates that about 50 per cent of Poland's raw cotton requirements are now being imported directly via Gydnia, whereas formerly practically the entire import, at least of American cotton, was effected via Bremen.

Russia

Russian cotton textile production in May was about on a level with that of the previous month in the case of cotton fabrics, and about 5 per cent below for cotton yarn. Total production of finished goods amounted to 236,293,000 yards and of cotton yarn to 60,547,000 pounds. Production of both products was considerably higher than during the same month in 1931 (15.9 and 26.8 per cent respectively), but a non-execution of the monthly production plan by 2 and 3 per cent was reported.

This increase in textile activity as compared with 1931 if maintained should require most of the cotton which has been produced, leaving a relatively small amount for exports.

Japan 1/

Cotton textile activity in Japan during June was somewhat greater than in May and was within 1 per cent of the highest levels recorded for more than two years. The 238,000 bales (of 400 pounds) of yarn produced in June was 5,000 bales or 2 per cent larger than in May and 24,000 bales or 11 per cent greater than in June 1931 and was perhaps the largest amount ever produced in Japan during the month of June, exceeding that in 1929 by 7,000 bales or 3 per cent. With unusually large proportions of American cotton being used there is little doubt that record amounts of American are being used just as has been the case for several months.

In May Japan exported 159.9 million square yards of cotton cloth which was 25.2 million square yards or 18 per cent greater than the previous months, 43 per cent above May last year, and the largest for any month since March 1930. The Japanese merchants are said to have made considerable progress in opening up a market in the Dutch East Indies and Malaya, which of course was materially aided by the drop in the exchange value of the yen, the principal factor which has enabled Japan to obtain such a large amount of foreign trade in cotton cloth under the present economic conditions. The greatest increase in the cloth export business has been in gray tissues.

Imports of American cotton into Japan in May were large while imports of Indian cotton continued small. Since May there has no doubt been a material decline in imports of American judging from our exports to Japan and this no doubt accounts for the decline in the Japanese stocks of American cotton which was reported for the month of June. Stocks of American are still high, however.

China 2/

The Chinese owned mills in China at mid-July were reported as operating at rates near normal, but the Japanese mills had curtailed to about 30 per cent below normal, the reduction being voluntary. Stocks of yarn were rather heavy and yarn prices at the lowest level of recent years. The demand for cotton textiles from North China and the interior in early July was poor and the demand from Canton only moderate. These factors along with increased arrivals of cheaper Chinese cotton has resulted in only a small amount of interest in American cotton. From mid-June to mid-July American cotton advanced in price considerably more than did Chinese cotton.

In evaluating the significance of the drop in activity among the Japanese mills it should be remembered that the Japanese owned mills represent about 35 or 40 per cent of the total spindles in China but generally consume more than half of the American cotton consumed in China. This season, however, the Chinese owned mills increased the proportion of American cotton used even more than did the Japanese owned mills since the main source of their raw cotton supply (native cotton) was materially reduced.

1/ Based largely on a report from Vice Consul Schuler at Kobe.
2/ Based largely on a cabled report from Agricultural Commissioner Dawson at Shanghai, dated July 14.

Production, Acreage and Crop Condition

United States

Cotton acreage in cultivation on July 1 this year was estimated by the Crop Reporting Board on July 8 at 37,290,000 acres which is 9.5 per cent below a year earlier, 19.1 per cent less than in 1930, 23.5 per cent below the record acreage of 1926, and is the lowest since 1922.

All major producing States were estimated to have less acreage in cultivation this year than last, the estimated reductions ranging from 3 per cent in Arkansas to 14 per cent in Georgia. In Texas the reduction of 10 per cent amounted to 1,577,000 acres.

While the reduction in acreage was somewhat greater than was generally expected the market showed little response when the estimate was released. In addition to the sizeable reduction in acreage, only a small amount of fertilizer has been applied to the 1932 crop and large numbers of weevils have been reported in many parts of the Belt. The second and third weeks of July, however, were very hot and dry in many sections of the Belt which was no doubt detrimental to the weevil.

From December 1 to June 30, 1931-32 sales of fertilizer tags were 40 per cent less than during the same period last season and 12 per cent less than any like period for more than eleven years. During each of the seven months, ending June 30, for the three years 1928, 1929, and 1930, tag sales in the eight States were very nearly the same, the total ranging between 4,355,000 short tons and 4,380,000 tons whereas for the seven months ending June 30, 1932 tag sales in these States totaled only 1,827,000 short tons. This was about 58 per cent below the record levels of 1928, 1929, and 1930.

The following table shows the Crop Reporting Board's estimate of the acreage in cultivation on July 1 this year with comparisons.

Table 1. Cotton: Estimated acreage, by States on July 1, 1932 with comparisons

State	10-year average abandonment 1922-1931	Area in cultivation July 1, 1931	Area in cultivation July 1, 1932	
	Per cent	Acres	Percentage of 1931	Acres
Virginia	2.0	71,000	108	77,000
North Carolina	1.6	1,342,000	94	1,261,000
South Carolina	2.5	1,970,000	90	1,773,000
Georgia	3.2	3,452,000	86	2,969,000
Florida	4.0	120,000	80	96,000
Missouri	4.4	350,000	100	350,000
Tennessee	2.0	1,119,000	95	1,063,000
Alabama	1.6	3,421,000	90	3,079,000
Mississippi	2.2	4,069,000	92	3,743,000
Louisiana	2.2	1,968,000	90	1,771,000
Texas	3.6	15,769,000	90	14,192,000
Oklahoma	5.0	3,429,000	89	3,052,000
Arkansas	2.3	3,602,000	97	3,494,000
New Mexico	9.1	119,000	96	114,000
Arizona 1/	1.1	178,000	64	114,000
California	1.8	194,000	64	124,000
All other	3.8	16,000	112	18,000
United States total	3.1	41,189,000	90.5	37,290,000
Lower Calif. (Old Mexico) 2/	1.4	69,000	39	27,000

1/ Including Pima Egyptian long staple cotton estimated at 22,000 acres this year compared with 32,000 acres in cultivation July 1, 1931.
2/ Not included in California figures, nor in United States total.

The first official forecast of the United States production will be released on August 8 and will be based on the forecast yield per harvested acre applied to the acreage in cultivation on July 1 less the 10-year average abandonment.

Russia

Russian officials have recently indicated that the 1931 Russian cotton crop turned out to be about 24.5 million poods or about 1,850,000 bales, according to Agricultural Attache' Steere's report. This is a further decline from the earlier reports of the Russian officials. Should this be the figure ultimately agreed on it will be slightly lower than the estimate of 1,900,000 bales made by this Bureau several months ago, and decidedly below the forecasts from Russia that ranged from about 2-1/4 million bales to around 2-3/4 million bales.

The new crop is said to be getting an even poorer start than last years' crop, but reports are very meagre. No further reports have been received on the acreage planted this year, but even if the plan is reached, the area this year will show an increase of only 14 per cent, which is a decided slowing up in the rate of expansion. Numerous complaints of unsatisfactory cultivation have been observed in the Russian newspapers as is generally the case at about this date every year. These complaints are particularly true of the so-called "new cotton regions" - North Caucasus, Daghestan, Ukraine, Crimea.

China 1/

Prospects for the 1932-33 Chinese cotton crop at mid-July were said to vary considerably by sections but conditions pointed to a larger crop than last year which would be expected unless the acreage were materially reduced, for the yield per acre last year was low due to flood damages. At present it is thought that the acreage is near that of 1931-32 although some indications point to a small reduction.

The Chinese crop got a fairly good start, but about the middle of July it was reported that there had recently been excessive rains in the Yangtze Valley and that the crop was rather weedy. In Shensi a shortage of rain was reported.

Egypt

The Egyptian Government has recently released their estimate of the 1932-33 cotton acreage which put the area at 1,135,000 acres or 35 per cent less than in 1931-32, 48 per cent less than1930-31, and is the smallest estimate since the 1896-97 season. The trade is said to regard this estimate as low; it is felt that such a reduction on top of the decrease the previous season was rather large despite the fact that a law was passed last September restricting the cotton acreage to about one-fourth of the total crop area. In the Sakellaridis producing area the acreage was restricted to 30 per cent of the crop area while in other areas the restriction amounts to 25 per cent of the area.

There are at least two other rather important factors tending to restrict cotton acreage in Egypt this year in addition to the legislative restrictions and the low prices. These factors are first, the encouragement of wheat production by the higher tariff and second, the removal of the restrictions on rice growing due to the abundant supply of water for irrigating the rice. It may be, therefore, that the acreage as estimated is more nearly correct than the trade believes. At any rate this is the best estimate available and undoubtedly can be taken to indicate a large acreage reduction this year.

At this season of the year, the question of summer water supply is an important item in the outlook for the Egyptian crop. Cotton Specialist P. K. Norris has recently reported that outlook for water this year is said to be much brighter than last year. For years a summer water shortage has been common and the Government has taken steps to conserve the prospective supply by limiting the growing of rice. This year the Government has felt that the water supply will be sufficient and has given permission for rice to be grown without restrictions.

1/ Based largely on a cabled report from Agricultural Commissioner Dawson at Shanghai dated July 14.

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C-83

August 30, 1932

WORLD COTTON PROSPECTS

Summary

The recent advance in cotton prices has been due in no small measure to the prospects for a crop about 5,800,000 bales less than last year although the advance in prices of securities and other commodities, the continued heavy exports, and increased sales of cotton textiles have also been important factors.

Cotton consumption declined to new low levels in July, but domestic exports in July were 25 per cent greater than in June, 7.3 per cent larger than a year earlier, and, with the exception of 1921, were perhaps the largest on record for the month. The total exports for the twelve months amounted to 8,700,000 bales or almost 2,000,000 bales more than in the 1930-31 season. Despite this, however, the carry-over of American cotton in the United States on July 31, 1932 amounted to 9,600,000 bales, 3,300,000 bales more than a year earlier and was by far the largest on record. The world carry-over of American cotton is also the largest on record with private estimates ranging from 12,900,000-13,300,000 bales. The reduction in the crop from 17,100,000 bales in 1931 to 11,300,000 bales estimated for 1932 more than offsets the increase in the United States and world carry-overs of American cotton. The total United States supply for 1932-33, amounting to 20,900,000 bales, is 2,500,000 bales less than last season and the world supply 1,300,000 to 1,700,000 bales less than in 1931-32.

Cotton textile activity in foreign countries as a whole in July probably decreased somewhat as compared with June, but was apparently greater than in July 1931. In Great Britain labor difficulties have been a disturbing factor and apparently some decrease in cotton consumption occurred, but piece goods exports were higher than in July, 1930, or July, 1931. On the Continent,

activity in cotton mills has been reported as somewhat lower in July than in June although sales of cotton yarn and fabric were moderately higher. Cotton mills in China decreased operations somewhat in July due in part to hot weather. In Japan total cotton consumption decreased about 3 per cent from June, yet was the largest on record for the month.

Prices

Spots

Most of the recent advance in the price of domestic cotton, which from the low point of June 9 to August 27 amounted to about $20.40 per bale, occurred after this Bureau's production forecast was released on August 8. The indications of a smaller crop than was expected in June and the favorable developments in the economic situation both in the United States and abroad and the continued heavy export movement largely explain this advance, for cotton consumption has shown no recent material improvement. The advance prior to the crop report was apparently due in part to the advance in prices of stocks and other commodities.

At Liverpool prices of American cotton have advanced about as in the domestic markets and most other foreign growths have also shown similar rises. Prices of American cotton rose faster than those of some of the foreign growths for a short time after the release of the estimate of the American crop, but the net advances from the low point of June to August 19 have been about the same percentage for most growths. The actual rise in cents per pound has been greater for the higher priced cottons such as Egyptian and smaller for the lower priced Indian. It is interesting to note that, whereas in early June Peruvian Tanquis at Liverpool was about 0.25 pence per pound above Peruvian Mitaffi, on August 19 it was 0.55 pence lower than Mitaffi. Tanquis rose only 32 per cent from June 10 to August 19 while most other growths advanced 44 or 45 per cent.

Stocks and Movement

Stocks of American cotton on July 31

The 1932-33 cotton season began with a carry-over of American cotton in the United States of 9,585,000 running bales, according to the Bureau of the Census. At the end of July 1931 total stocks of American cotton in the United States amounted to 6,263,000 bales. Of the 3,322,000 bale increase in the carry-over, stocks in public storage and at compresses accounted for 2,170,000 bales of the increase, stocks "elsewhere" (which includes cotton for export on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; and cotton on farms etc.) for 910,000 bales, and mill stocks for 242,000 bales. As may be seen from the table below, stocks at mills have been larger a number of years than they were this year but stocks in public storage and "elsewhere" were the largest on record and the total was the largest on record. The previous record carry-over was in 1921 when the total reached 6,361,000 bales.

The only estimates of the world carry-over which are available at this time are those of the New York and New Orleans Cotton Exchanges. Garside of the New York Exchange has placed the world carry-over at 13,266,000 bales compared with his estimate of 8,919,000 bales a year earlier and 9,674,000 bales in 1921. Hester of the New Orleans Exchange estimated the world carry-over at 12,911,000 bales whereas in 1931 and 1921 he estimated 8,710,000 and 8,699,000 bales respectively as the total carry-over.

Table 1.-Cotton, American: Stocks (carry-over) on August 31, 1907-1914, July 31, 1915-1932 at specified locations in the United States

Date	Mills	Public storage	Elsewhere	Total
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Aug.31				
1907 ...	1/ 894.7	2/ 365.6	108.9	1,369.2
1908 ...	1/ 508.0	2/ 417.9	197.2	1,123.1
1909 ...	803.3	2/ 305.6	251.4	1,360.3
1910 ...	450.7	2/ 288.4	200.	939.1
1911 ...	417.3	2/ 406.8	400.	1,224.1
1912 ...	733.2	2/ 522.8	350.	1,606.0
1913 ...	637.7	465.1	375.	1,477.8
1914 ...	611.7	531.6	35.	1,178.3
July 31				
1915 ...	1,292.4	1,748.9	750.	3,791.3
1916 ...	1,489.7	1,037.8	400.	2,927.5
1917 ...	1,407.6	838.6	330.	2,576.2
1918 ...	1,402.5	1,686.8	250.	3,339.3
1919 ...	1,252.8	2,175.8	775.	4,203.6
1920 ...	1,208.5	1,920.4	150.	3,278.9
1921 ...	1,021.2	3,639.5	1,700.	6,360.7
1922 ...	1,127.1	1,412.8	125.	2,664.9
1923 ...	975.2	867.8	280.	2,123.0
1924 ...	638.1	641.3	160.	1,439.4
1925 ...	786.6	487.2	230.	1,503.8
1926 ...	1,010.4	1,893.2	510.	3,413.6
1927 ...	1,325.2	1,802.8	535.	3,663.0
1928 ...	934.7	1,155.9	335.	2,425.6
1929 ...	932.3	922.5	275.	2,129.8
1930 ...	1,047.9	2,803.8	470.	4,321.7
1931 ...	921.6	4,491.1	850.	6,262.7
1932 ...	1,164.0	6,661.0	1,760.	9,585.0

Bureau of the Census. 1/ Linters (estimated) excluded from Census report. 2/ Linters and foreign cotton (estimated) excluded from Census report.

Prospective supply of American cotton

With the 1932-33 crop forecast at 11,306,000 bales and a carry-over in the United States of 9,585,000 bales, the August apparent supply of American cotton for domestic consumption and exports during 1932-33 is 20,891,000 bales compared with a final 1931-32 supply of 23,361,000 bales. At this time last year the crop was forecast at 15,584,000 bales so that the apparent supply at that time was 21,847,000 bales.

The two world carry-over estimates given above and the present estimate of production indicate a world supply of American cotton for the 1932-33 season of 24,200,000 to 24,600,000 bales, whereas in 1931-32 the world supply was about 25,900,000 bales. In 1926-27 the world supply was approximately 23,300,000 bales.

Exports of American cotton

Total exports in July amounted to 449,000 running bales, an increase of 89,000 bales or 25 per cent over June, whereas there is usually a seasonal decline from June to July of about 10 to 15 per cent, based on data from the Bureau of the Census. The greatest increases over July last year were in exports to the United Kingdom, France, Spain, and Germany, these countries taking from 2 to 8 times as much as in July of the 1930-31 season.

During the twelve months ended July 31, 1932, all foreign countries took 8,708,000 running bales compared with 6,760,000 bales in 1930-31, an increase of 1,948,000 bales or 29 per cent. With the exception of 1926-27 the season just closed is the only one since 1913-14 in which total exports exceeded 8,323,000 bales. The season closed with Japan having taken record amounts of American cotton, the 2,294,000 bales comparing with 1,228,000 bales the previous season, and 1,616,000 bales in 1926-27. Exports to China in 1931-32 totaled 1,112,000 bales or almost 700,000 bales more than in the previous season. Therefore, these two countries alone accounted for about 1,749,000 bales of the 1,948,000 bale increase. Germany and France were two important consumers of American cotton taking smaller amounts than in 1930-31 while Italy, Spain, and the United Kingdom took somewhat larger amounts in 1931-32 than the previous season.

Exports of Indian and Egyptian cottons

From August 1 to July 14, 1931-32 India exported 1,425,000 bales, a decrease of 1,813,000 bales or 66 per cent compared with the previous season. Japan and China accounted for 946,000 bales of this decrease as might be expected in view of the large takings of American cotton.

Exports of Egyptian cotton during the first eleven and a half months of the 1931-32 season (August through July 13) amounted to 979,000 running bales, showing an increase of 122,000 bales or 14 per cent over the previous season. The Continent and India took about the same quantity as in 1930-31, but England and the United States took larger quantities. During the first ten days of the present (1932-33) season, exports from Alexandria were only 36 per cent as large as in the same period last season.

Textile Situation

United States

Cotton textile mill activity in July as measured by cotton consumption declined to the lowest levels since prior to September 1912 when monthly consumption records first became available. The 279,000 running bales consumed represented a decline of 42,000 bales or 13 per cent from June and was 172,000 bales or 38 per cent below July 1931, according to data from the Bureau of the Census. Total consumption for the season just closed was placed at 4,869,000 bales compared with 5,263,000 bales in 1930-31. This was the smallest number of bales consumed in any season since 1910-11, being 24,000

bales less than in 1920-21. Total consumption of foreign cotton for the season amounted to only 122,000 bales of 500 pounds which was the smallest for more than twenty years and was 94,000 bales less than in 1920-21. Consumption of American cotton in 1931-32 therefore, amounted to only 4,747,000 running bales.

Business in cotton textiles showed material improvement in July which made the third consecutive month in which sales have increased. In July sales of carded cotton cloth averaged 55,700,000 yards per week, 18,000,000 yards or 47.9 per cent higher than in June, 52.7 per cent above May, 117.6 per cent above April, and were the highest since February. The ratio of sales to production in this phase of the domestic industry amounted to 157.1 per cent in July, whereas during the previous four months sales have been below production. The July ratio of sales to production was the second highest on record and was the result of both the increased sales and a decrease in production. Production of cloth in July averaged 35,400,000 yards per week which was the lowest since October 1927 when comparable data first became available. With shipments or billings larger than production, stocks decreased 7.8 per cent. Unfilled orders increased 33.4 per cent during the month. The increase in sales of cotton cloth, together with improvement in the general financial situation and in trade sentiment suggests that cotton mill consumption may increase somewhat more than the normal seasonal percentage from the low levels of June and July to fall months. However, increased industrial requirements will probably be needed before a high level of consumption can be maintained.

Great Britain

The cotton textile situation in Great Britain was on the whole more favorable during the cotton season just closed (1931-32) than during 1930-31. During the early part of the season cotton piece goods exports and perhaps cotton textile activity were below the corresponding period of 1930-31, but from December through to the end of the season piece goods exports were substantially higher than the like period of the previous season. Total piece goods exports in 1931-32 amounted to 2,037,800,000 square yards, compared with 1,746,600,000 square yards in 1930-31 or an increase of 16.7 per cent. As the season closed exports were running larger than the corresponding periods of both 1931 and 1930 and were more than 50 per cent larger than the low point reached in November 1931.

During the first part of August 1932 the General Council of the Weavers Amalgamation recommended a general stoppage in the weaving section which would affect 250,000 operatives. On August 15 the recommendation was considered by the Textile Trade Federation and if carried out may affect 500,000 employees. This is said to be the outcome of the Burnley strike which affected about 25,000 operatives.

Continental Europe 1/.

The Continental European cotton textile situation showed no further deterioration during the month of July, 1932, but the improvement which had been rather generally expected after the conclusion of the Lausanne Conference was only partially realized. Merchant and spinner buying of raw cotton as well as price-fixing, were clearly in excess of June commitments, but activity was probably hampered by the fact that new business in yarns and fabrics - for the Continent as a whole - was only moderately above June levels. This continued reluctance of distributor demand in turn was reflected in some further recession in cotton spinning and weaving mill activity.

The advance in raw cotton prices during the early part of July was attributed in part to increased world spinner and merchant interest, based on a favorable interpretation of the results of the Lausanne Conference. The continental spinner reaction brought rather lively buying in the first part of July, followed by a quieter tendency after the middle of the month, but a good renewal of interest at the close, and about the middle of August continental markets were generally active. Price-fixing showed the same general tendency. Unusually low stocks in spinners' hands were indicated to have been an important factor in the undoubtedly keener interest of spinners in raw material, but new orders booked by both spinning and weaving mills were unquestionably somewhat more satisfactory, particularly during the first half of July. Business has undoubtedly been influenced by the fact that the Lausanne agreements, while favorable in the long run from a general economic standpoint, are none the less surrounded with conditional requirements which tend to diminish the immediate benefits which might otherwise be expected to accrue.

Activity in continental spinning and weaving establishments as a whole has probably averaged somewhat lower for July than for the month of June. Organized restriction of production in Germany was an important factor, but a downward tendency of operations was also evident in other Central European countries. Italy and France appear to have maintained mill operations at about on a level with the previous month.

Germany

New business booked by German cotton spinners and weavers during July remained generally unsatisfactory, with foreign competition keen and prices low. A pick-up in sales of both yarns and fabrics occurred early in the month, as a result of the more optimistic attitude of the cotton industry and trade following the termination of the Lausanne Conference, a movement accompanied and possibly aided by the rising tendency of raw cotton prices at that time, but business slackened off in the second half, except in some sections of the industry where demand for specialties persisted. A more sober judgment now prevails regarding the possible significance of the Lausanne agreement for

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1/ Based on a report from Agricultural Attache' L. W. Steere at Berlin, dated August 4, 1932, supplemented by cable August 12.

the future development of business, but there is none the less a somewhat more optimistic undertone apparent in the German cotton industry about future prospects.

Activity in German cotton spinning and weaving establishments during July fell below the June levels because of the organized restriction of production previously reported. July figures for spinning mills when released are expected to show operations somewhere between 70 and 75 per cent of single shift capacity, compared with 99 per cent in March, 90 per cent in April, 74 per cent in May, and approximately 83 per cent in June, when operations were stepped up, probably in anticipation of the agreement to curtail output. Activity in the cloth mills during July is thought to have shown only a small decline compared with June, as organized restriction in these mills was in effect from the 6th of June, resulting in a level of output of 62 per cent of 9-hour shift capacity, compared with 74 per cent in April and the recent high point of 76 per cent in February.

The cartel commission of the German Cotton Spinners' Association proposed during July to extend the organized restriction of spinning operations in effect until July 31 for an additional period ending September 12. The cotton spinners, however, agreed only to an extension of curtailed operations until August 20, a date to which the weaving mills have also prolonged their agreement for reduction of output. Whether organized restriction will be further extended by either or both groups of manufacturers is said to depend upon development of sales during the first half of August. No decisision in the matter has yet been received. Trade reports now indicate that spinners are poorly supplied with raw cotton and that some tendency for imports to increase is quite likely to develop soon.

German cotton cloth exports during the past several months have amounted to only about half the volume reached in recent years, and imports of yarn and cotton fabrics into Germany from abroad during the same period have dropped by even more than 50 per cent, as compared with takings in the last few seasons. The German cotton industry, however, is dependent on export outlets to only a small extent, so that the interest of the industry is centered more on prospects for improvement in domestic purchasing power than upon the outlook for export trade. Generally speaking, German cotton manufacturers and distributors are not pessimistic about the long-time outlook, and maintain hopes that the new cotton year just beginning will witness the solution of many of the international problems which now stand in the way of real improvement in general economic activity.

German spinner and merchant buying of raw cotton at Bremen was slightly more active during the first half of July, coincident with the rising tendency of raw prices. Later, the demand slackened, but again reasserted itself at the close of the month, with considerable interest manifested for distant positions and all year contracts, as well as for i mediate delivery. Price-fixing in general parallelled the movement of actual buying.

Czechoslovakia

Conditions in the Czechoslovakian industry have shown no improvement during July, the latest report of the National Bank indicating that even some further decrease has been evident in the flow of new business booked by the cotton spinning mills. The difficulty of doing export business continues as serious as ever, because of the general maintenance of restrictions on imports of cotton goods in many of Czechoslovakia's most important foreign markets. Cotton manufacturers in Czechoslovakia, moreover, are rather pessimistic as to the future outlook, because of the unlikelihood of early or rapid removal of these trade barriers, even if some improvement in the general business situation should occur. No marked increase in Czechoslovakia mill consumption of raw cotton, therefore, seems likely in the near future, because of the dependence of the Czechoslovakian cotton industry upon foreign outlets for an important share of its cotton textile production.

Net imports of raw cotton into Czechoslovakia from August 1, 1931 to the end of May, 1932, have amounted to 72,000 tons compared with 74,000 in the same period last year. Takings of raw material, therefore, have held up relatively well, when it is considered that exports of cotton cloth in recent months have been about 50 per cent under last year's exports, and nearly 70 per cent under exports in the corresponding months two years ago. Exports of cotton yarn have held up relatively better, but have only been running about half as large as in 1930.

Austria

Austrian reports point to a further tightening of the situation in the cotton textile industry. Production has been further restricted in recent weeks, because of the failure of cotton yarn and fabric sales to show any recovery from recent low levels. Foreign exchange continues to be a real problem, with mills apparently being forced to resort to private clearing arrangements to obtain raw material, which means a currency premium of from 20 to 30 per cent which has to be borne by the buyer.

A recent report of the Austrian Institute for Economic Research, which, however, does not go beyond the month of May, states that stocks of yarn in Austrian spinning mills at that time were somewhat below the average of the years 1926-1930, but were higher than at any time in the past two years, while unfilled orders on the books of the spinning mills in May were on the lowest level reached this year or last year.

France

A fairly good improvement in the situation seems to have occurred in the cotton yarn and cloth market in France during July, notwithstanding a period of slack business during the second half of the month. Reports from Roubaix - Tourcoing, Rouen and Alsace indicated considerable fluctuations in the movement of sales, but a rather good pick-up in orders was experienced in virtually all the important centers at one time or another during the first half of the month, followed by a recession early in the second half. Subsequent reports from Havre

indicate a renewal of activity that clearly points to a better tone in the spinning centers at the close of the month. Very low stocks of yarn in the Alsace mills, coupled with a noticeable pick-up in orders for goods from North Africa and Indo-China have been prominently mentioned. Cloth mills at Rouen are also reported to have a considerable volume of offers for deliveries well into the first quarter of 1933, though at prices still regarded as too low. These developments, coupled with the firm tendency of raw material, seem to have given the industry some renewed confidence.

On the other hand, however, activity in French spinning and weaving establishments, according to July reports, has not as yet undergone any significant change. Actual statistics on operations are not available beyond the month of May, when activity was declining, following an upward movement in March and April.

Net imports of cotton into France during the cotton year just ended were much below those of the preceding season, although the difference was being narrowed as the year closed. It appears that imports during the season 1930-31 were considerably in excess of actual mill consumption, and that the decline in takings in 1931-32 was a natural consequence, which, at the same time, made for a sounder situation with respect to stocks of raw cotton at French mills. Current reports indicate that supplies of raw cotton in France are very moderate.

Purchases of raw cotton by French spinners and merchants were of moderate volume during most of July, but the month closed with a much improved tone and active buying of American staples, according to Havre trade reports. Keen interest was manifested for prompt shipment of old-crop cotton, because of low stocks, and also concern about possible poor quality of the new harvest. Previously, considerable interest in new crop had been shown throughout most of the month, and price-fixing was generally active during the whole period.

Italy

The general pessimism with which June reports on the Italian cotton industry were tinged has rather definitely faded away during July. Yarn sales have taken a much more favorable turn in relation to current output, and the decline in unfilled orders and the tendency toward a rise in stocks of cotton yarn and goods have practically come to a standstill. Spinners and weavers are now showing generally more optimism about their ability to maintain current operating levels without cutting into orders and accumulating burdensome stocks.

Spinners buying of raw cotton during July, however, has remained fairly moderate, though a fair volume of purchases of new crop has been confirmed. The increase in the price of raw material early in July had only a moderately stimulating effect on spinner buying, which was undoubtedly still somewhat under the influence of unfavorable developments during June. Spinning mill operations at the present time average around 30 to 40 per cent below the rate of activity in the favorable years 1928 and 1929.

Recent press reports from Italy state that negotiations have been concluded between the Italian and Egyptian Governments for facilitating imports of Egyptian cotton by the Italian cotton industry. The agreement provides for the designation of special warehouses for Egyptian cotton in the free ports of Trieste and Genoa, which are already said to be functioning, and to which the Italian Traffic Ministry is to accord special treatment in order to encourage the acquisition of Egyptian cotton. The press report in question sees in this agreement the probable beginning of preferential treatment of Egyptian cotton in Italy to the possible detriment of American cotton. The agreement between the two Governments is said to have some of the features of a clearing agreement, as Egypt is an important customer for Italian finished goods, particularly textiles, the outlet for which Italy is anxious to extend. The press report referred to, voices the expectation that Italian purchases of Egyptian cotton will be considerably increased as a result of the agreement, currency savings being advanced as an important reason.

Poland

Reports from Poland announce that plans are being considered for the consolidation of several large cotton spinning mills into a single cotton trust, for which a central selling agency for cotton goods will be organized. The relation of this trust to the spinners' cartel is not yet clear.

Japan 1/

Cotton consumption in Japan continues at a high rate although July showed a slight decrease compared with June, judging from the amount of yarn produced. July yarn production amounted to 230,000 bales. While this was 3 per cent less than in June it is probably the largest for the month of July on record. For the 12 months ended July 31, 1932 total yarn production in Japan amounted to about 2,761,000 bales of 400 pounds each. This represents an increase of slightly more than 13 per cent over the previous season. The decreased production in July may have been due to the fact that sales of yarn and piece goods are said to have been running below production in July. However, there seems to be a slight seasonal decline in July in most years. In June exports of cotton cloth reached a new high, the 175,400,000 yards exceeding the previous record (of August 1929) by about 11,500,000 yards, or 7 per cent. June exports exceeded those during May by 15,500,000 yards or 10 per cent. Exports have reached these high levels despite the fact that trade with China has been somewhat reduced. Some of the heavy exports in July may have been due to the possibility of an increase in the Indian tariff. It has been estimated that exports of cotton cloth to India during the first half of 1932 were five times those of the same period last year. The exports to India have been largely of low-grade cloth which competes directly with the product of the Indian mills. Thus far, however, Indian mills have maintained a high rate of consumption although consumption in May and June dropped considerably below the corresponding period last year, but from August 1 to April 30, 1931-32 Indian mills consumed 5 per cent more Indian cotton than during the same period the previous season.

1/ Based largely on a report from Vice-Consul Schuler at Kobe as of August 3, 1932.

China 1/

Chinese-owned mills in China were operating at about 80 per cent of normal at mid-August, whereas a month earlier these mills were running at rates near normal. The reduction was said to have been due to hot weather. The Japanese mills have curtailed an additional 10 per cent within the month and at mid-August were operating at about 60 per cent of normal due to the difficulties in disposing of their yarn profitably. Chinese yarn was moving out at a good rate and most mills were reported as sold well forward. The piece goods market in China was still dull and very little business was being done.

Consumption of American cotton in China from October through July has been estimated at 715,000 bales of approximately 500 pounds. During this period consumption of Indian cotton was thought to have totaled about 145,000 bales of 500 pounds, and consumption of Chinese-grown cotton around 625,000 bales. For the year ending September 1, the total consumption of all cotton in China is expected to be slightly less than 2,000,000 bales of approximately 500 pounds, compared with 2,300,000 bales the previous year. Consumption of American cotton may be about 860,000 bales, Indian 240,000 or 250,000 bales, and consumption of Chinese something over 800,000 bales.

Acreage, Production, and Crop Conditions

United States

The 1932 cotton crop was forecast by the Crop Reporting Board based on August 1 conditions at 11,306,000 bales of 478 pounds net or 500 pounds gross. This forecasted production is 5,790,000 bales or 33.9 per cent less than the large crop of last season, 3,352,000 bales (22.9 per cent) less than the average production of the last five years, and is the smallest since 1923. The average yield for the United States is forecast at 149.6 pounds per acre, which is 51.6 pounds per acre or 25.6 per cent less than the 1931 yield and 1.8 pounds less than the average from 1921 to 1930. The forecast is based on the acreage in cultivation July 1 less the 10-year average abandonment. This gives an area of 36,161,000 acres compared with a harvested acreage last year of 40,693,000 acres, or a decrease of 11.1 per cent.

The condition of the crop on August 1 was reported as 65.6 per cent of normal, compared with 74.9 per cent last year and the 10-year average of 66.4 per cent. In addition to the low condition the prospects for the crop were said to be more uncertain than usual because boll weevils are present in greater numbers than in any year since 1928 which means that weather conditions, after August 1 will be of more than usual importance. The amount of fertilizer applied to cotton this season was much less than for several years and was given as a factor causing the relatively low condition of the crop.

1/ Based largely on a cabled report from Agricultural Commissioner Dawson at Shanghai, dated August 15.

The forecasted yields in most of the important cotton producing States are much below the 1931 yields and several of the States are expected to produce much less than average yields. In North Carolina, Mississippi, and Louisiana the forecasted yields are 46, 34, and 26 pounds per acre respectively below the 10-year average 1921-1930.

India

Up to August 1 the area planted to cotton in India has been estimated by the Department of Statistics of India at 13,485,000 acres compared with the revised estimate of plantings to the same date last year of 13,938,000 acres, or a decrease of 3.3 per cent. Not since 1924 have plantings to August 1 fallen below 14,700,000 acres except in 1931 and this year. In 1925, the year of largest acreage, plantings to August 1 totaled 16,134,000 acres which was 20 per cent larger than plantings this year.

It should be remembered that last season the yields of lint cotton per acre in India averaged only about 69 pounds which was approximately 21 per cent less than the previous year and 22 per cent less than the average from 1921-22 to 1930-31. Last season was the only year in which average yields dropped below 79 pounds since 1920-21. It is hardly to be expected, therefore, that Indian production in 1932-33 to be as low as last year's crop.

Egypt

During June weather and water conditions were favorable for the growing crop and the stands were said to be normal except in the Lower Delta or the late planted areas, according to reports forwarded by Cotton Specialist P. K. Norris, stationed in Egypt. The cotton-worm and wilt are reported in some areas, but the damage is slight. The water supply is adequate. The acreage this year has been officially estimated at 1,135,000 acres or 35 per cent less than in 1931-32 and 48 per cent less than 1930-31. It is felt by members of the cotton trade that the estimate is low despite the low prices, the low restricting cotton acreage, the removal of the restriction on rice growing, and the encouragement of wheat growing by a higher tariff.

China

The 1932-33 Chinese cotton crop has been forecasted at 3,021,000 bales of 478 pounds compared with the revised estimate of 1,785,000 bales for 1931-32 by the Chinese Mill Owners Association. This would be an increase of 69 per cent. It is thought that the above forecasted production is not exactly comparable with former estimates inasmuch as changes and improvements in methods of crop reporting have been undertaken in 1931 and 1932. No entirely adequate basis is available for correcting the tendency to include a large portion of the total crop each season. On the basis of information that is available, however, it appears that for comparable areas production may be around 2,500,000 bales in 1932-33 compared with 1,700,000 bales in 1931-32, and 2,250,000 bales in 1930-31. This estimate allows for a yield in 1932-33 of about 10 per cent above average whereas the mill owners' estimate places yields this year at nearly 25 per cent above average. A production of 2,500,000 bales this season would represent an increase of 47 per cent over the revised figure for last season, and be 11 per cent greater than the 1930-31 production. The short crop last season was largely a result of the flood so that this year with only average yields a large increase would be expected. Reports, however, indicate that growing conditions this season have evidently been better than usual. On August 15 Agricultural Commissioner Dawson cabled that crop conditions in North China as a whole were reported as very good. In the provinces of Hupeh and Shantung, two of the most important regions, conditions were said to be good, in Hopei very good, in Shansi average, Hanan good, and in Shensi poor. In the provinces of Kiangsu and Chekiang the crop has suffered from drought, but rain in early August brought some relief.

The mill owners' estimated acreage for 1932-33 is 5,630,000 acres. To make this comparable with previous years it has been reduced by this bureau to 5,300,000 acres which is 10 per cent greater than the 4,800,000 acres used for the 1931-32 area, but only about 1 per cent greater than the 1930-31 acreage.

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WORLD COTTON PROSPECTS

Summary

The developments during August placed the domestic cotton textile industry in the most favorable position attained for many months. With the generally more optimistic feeling accompanying the advance in prices of cotton, stocks, and other commodities, sales of cotton textiles reached record levels. Whereas stocks of cotton cloth at the beginning of August held by reporting cotton textile merchants were practically equivalent to the unfilled orders on hand, by the end of the month orders were almost $2\frac{1}{2}$ times as large as stocks. Under the stimulus of increased orders textile mill activity increased and total domestic mill consumption of raw cotton in August increased 44 per cent over July, reaching the highest levels since last March. The export movement in August was the largest on record.

During this period of advancing prices and improving business sentiment there was a substantial increase in the sale of cotton textiles in continental European countries. There has also been some increase in cotton spinning mill activity, apparently, but with the recent decline in prices it remains to be seen whether the increased activity will be sustained. The British industry continues to be influenced by the strike among the weavers. Spinners' takings of American cotton in Great Britain during recent weeks have been larger than a year ago but mill activity is said to be less. Japan has recently increased the curtailment of spinning operations from 31.4 to 36.4 per cent due to increasing yarn stocks. The continued decline in the exchange rate of the yen has been favorable to Japanese exports, however, and in July and August exports of cloth reached record levels. Should these heavy exports of cloth continue

it will probably increase the demand for yarn even though cloth production for use in Japan continues low. Chinese mills in China are running at high levels of activity but the Japanese-owned mills are having difficulty in disposing of their reduced output which is now only about 60 per cent of capacity.

The raw cotton supply situation for 1932-33, insofar as it is known, has shown little change during the past thirty days. The September forecast of the American crop was only 4,000 bales larger than the August estimate and 5,800,000 bales below the 1931-32 crop. Conditions in China continue to point to a crop something like 800,000 bales (of 478 pounds) larger than in 1931-32 but in Egypt the 35 per cent reduction in acreage would give, with average yields, a crop about 350,000 bales of 478 pounds less than last season's production. Preliminary acreage reports from India point to only a small reduction in the area planted to cotton and the probabilities are that yields per acre will be considerably above those of 1931-32 which were unusually low. Production in Russia is not likely to show much increase according to information now at hand. Last year foreign crops were reduced about 1,500,000 bales. Present indications are that foreign production this year will increase, but the large decrease in the American crop will result in a considerable decrease in world production.

Prices

Spots

On August 27 the average price of American cotton in the 10 designated markets reached 8.84 cents per pound. This was the highest cotton prices had been for more than a year and was 4.08 cents above the low point of June 9. After the 27th prices moved irregularly until September 8 when there was a drop of 1.00 cent per pound. Members of the trade had interpreted weather conditions during August as unfavorable and were expecting a considerable reduction in the September crop forecast. By September 19 prices were 2.22 cents per pound below the high point of August. The next few days resulted in a recovery of about one-half cent per pound with the 10 markets averaging 7.29 cents on September 26.

Prices of American and other cottons in foreign markets have moved very nearly as in the above markets although there has been a tendency in recent

weeks for foreign cotton, particularly Indian, to become slightly cheaper relative to American.

Stocks and Movement

World mill stocks on July 31,1932

At the end of July, 1932, total stocks of raw cotton at the mills of the world were only slightly larger (3.9 per cent) than a year earlier, but stocks of American were about one-third larger, and Indian one-third less, while stocks of Egyptian and sundries were about unchanged. (See Table 1) Of the 688,000 bale increase in mill stocks of America, 242,000 bales were in the United States, 362,000 bales in the Orient and less than 100,000 bales in stocks at mills in Europe. Most of the important consuming countries held larger mill stocks of American cotton at the end of July this year than a year earlier. Most of these countries held smaller amounts of Indian cotton. France held smaller amounts of each of the four groups of cotton.

Table 1.- Cotton mill stocks by growths in specified countries on hand July 31,1932 and percentage change from stocks on July 31,1931

Country	American		Indian		Egyptian		Sundries		Total	
	July 31, 1932	Percentage change	July 31, 1932	Percentage change	July 31, 1932	Percentage change	July 31, 1932	Percentage change	July 31, 1932	Percentage change
	1,000 running bales	Per cent	1,000 running bales	per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent
United States 1/	1,164	+ 26.4	15	- 11.8	21	- 25.0	12	- 36.8	1,212	+ 23.0
Japan	370	+127.0	134	- 44.4	17	+ 41.7	9	0.0	530	+ 24.7
Great Britain	63	+ 18.9	12	- 65.7	37	+ 5.7	50	- 2.0	162	- 6.9
Germany	129	+ 79.1	33	- 17.5	20	+ 33.3	13	- 7.1	195	+ 38.3
China	154	+133.3	34	- 58.0	3	- 25.0	164	+ 7.9	355	+ 17.2
France	132	- 23.7	36	- 74.5	30	- 16.7	16	- 38.5	214	- 43.1
Italy	165	+ 37.5	21	- 58.0	30	+130.8	9	+ 28.6	225	+ 18.4
Czechoslovakia	34	+ 17.2	3	- 78.6	3	- 25.0	2	0.0	42	- 14.3
Spain	22	+ 37.5	3	- 50.0	8	+ 33.3	2	0.0	35	+ 16.7
Canada	49	- 19.7	--	--	2	0.0	--	--	51	- 19.0
Poland	14	+100.0	1	- 50.0	3	+200.0	--	--	18	+ 63.6
Belgium	43	- 2.3	25	- 40.5	4	+100.0	16	+ 6.7	88	+ 14.6
India	102	+191.4	692	- 19.1	19	- 29.6	59	+ 43.9	872	- 9.0
All others . . .	118	+ 7.3	24	- 41.5	32	0.0	310	- 3.4	484	- 4.2
Total . .	2,559	+ 36.8	1,033	- 34.0	229	+ 5.5	662	+ 0.3	4,483	0.4

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Association.

1/ The Bureau of the Census reports mill stocks in the United States as follows: American 1,164,011 running bales, foreign 54,852 bales of 500 pounds, all kinds 1,218,863 bales.

Exports of American cotton

During August there were 452,000 bales of American cotton exported from the United States, compared with 211,000 bales in August, 1931 and 366,000 bales in August, 1930. Exports in August this year were the largest ever reported during that month, according to data released by the Bureau of the Census and the Bureau of Foreign and Domestic Commerce. The increase came in exports to Europe, those to the Orient being slightly smaller than in August, 1931. From August 1 to September 19 the New York Cotton Exchange reported exports this season at 881,000 bales compared with 535,000 bales during the corresponding period last season. The rather low level of cotton stocks in Europe, the marked advance in cotton prices and the accompanying improvement in business sentiment apparently explain the heavy exports.

Exports of Foreign cotton

The export movement from India during the first month and a half this season amounted to only 141,000 running bales which was 51 per cent less than the small movement a year earlier and 65 per cent less than in the corresponding period in 1930-31. The heavy export movement from India begins in December. Receipts of cotton at Bombay from August 1 to September 15 this year, however, were practically twice as great as in the same period last year and stocks at Bombay on September 15 were 265,000 bales larger than a year earlier, 207,000 bales larger than the same date in 1930 and about the same as in 1929. (Data from the Commercial and Financial Chronicle)

Total exports from Alexandria, Egypt, the first six weeks this season amounted to 67,000 running bales compared with 105,000 bales a year ago and 37,000 bales in the like period of the 1930-31 season. In contrast to the increase in receipts at Bombay, receipts at Alexandria have been 31 per cent less than during the first part of 1931-32 and stocks at mid-September were 105,000 bales less than last year.

Textile Situation

World cotton consumption

During the six months ended July 31, 1932 the total world mill consumption of all cotton amounted to 10,795,000 running bales, 531,000 bales or 4.7 per cent less than during the corresponding period in 1930-31 and 6.4 per cent less than in the first half of 1931-32, according to the report of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. Total consumption for the 1931-32 season amounted to 22,323,000 running bales compared with 22,488,000 bales in 1930-31, 25,209,000 bales in 1929-30 and was the smallest for any season since 192[illegible]-24, when the total amounted to only 20,430,000 bales

Due to an abundant supply, American cotton was used to a considerable extent to replace the short supplies of Indian and Chinese cotton and as a result world consumption of American increased during the last half of 1931-32 despite the decrease in mill activity. The 6,202,000 running bales of American consumed from February through July, 1932, compared with 6,117,000 bales the previous six months, was 572,000 bales or 10.2 per cent above the like period of 1930-31 and 262,000 bales (4.4 per cent) greater than in the last half of 1929-30. Total consumption of American in 1931-32 was reported as 12,319,000

bales which was 1,411,000 bales or 12.9 per cent more than in 1930-31, but was 700,000 bales (5.4 per cent) smaller than in 1929-30.

World consumption of Indian cotton decreased from 5,863,000 bales in 1930-31 to 4,789,000 bales in 1931-32, a decline of 18.3 per cent. Consumption of sundries cotton in 1931-32 declined 629,000 bales (12.9 per cent) to 4,235,000 bales. About 500,000 bales of the decrease in sundries occurred in China and was Chinese cotton. Consumption of Indian and Chinese together, therefore, decreased more than 1,500,000 bales which was slightly greater than the increase which took place in the consumption of American. The world consumption of Egyptian in 1931-32 increased 14.9 per cent to 980,000 running bales.

The accompanying table shows the consumption of cotton by growths for the last half of 1931-32 in 13 countries of the world which consume the greatest amount of American cotton. From this it may be seen that the use of American cotton increased over the corresponding period last season at the expense of Indian or sundries cottons in most countries. Even though total mill activity, as measured by cotton consumption, decreased 4.7 per cent as compared with like period in 1930-31 the amount of American cotton used increased 10.2 per cent. The greatest increases occurred in Japan, China, and Great Britain, which countries showed the greatest decreases in the amounts of other cotton used. The United States, France, and Canada were the only countries among the 13 shown below which consumed less American than in the last half of 1930-31.

Table 2.-Cotton: Consumption by growths in specified countries, six months ended July 31, 1932 and percentage change from corresponding period in 1930-31

Country	American		Indian		Egyptian		Sundries		Total	
	Six months ended July 31 1932	Per-cent-age change	Six months ended July 31 1932	Per-cent-age change	Six months ended July 31 1932	Per-cent-age change	Six months ended July 31 1932	Per-cent-age change	Six months ended July 31 1932	Per-cent-age change
	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent	1,000 running bales	Per cent
United States 1/	2,197	-19.7	9	-57.1	27	-22.9	11	-50.0	2,226	-20.3
Japan	933	+84.8	398	-46.6	26	+25.8	16	-69.8	1,373	+ 3.7
Great Britain	733	+47.2	53	-56.2	149	+15.5	239	- 0.4	1,174	+18.8
Germany . . .	426	+20.0	48	-47.8	50	+25.0	49	+14.0	573	+ 8.1
China	451	+127.8	111	-54.1	3	-40.0	476	-32.4	1,041	- 9.4
France	263	-22.4	62	-39.8	44	-20.0	27	-10.0	396	-24.9
Italy	301	+27.5	51	-57.1	32	+ 3.2	14	+55.6	398	+ 0.8
Czechoslovakia	127	0.0	11	-65.6	11	- 8.3	10	+11.1	159	-11.7
Spain	160	+55.6	21	-50.0	25	+31.6	11	-26.7	217	+11.9
Canada	83	-17.8	-	-	3	-40.0	-	-	86	-18.9
Poland	87	+ 3.6	4	-55.6	8	+100.0	3	-40.0	102	0.0
Belgium . . .	68	+ 3.0	35	-50.0	2	-50.0	22	-21.4	127	-24.4
India	121	+202.5	1,121	- 2.2	37	+ 5.7	88	+69.2	1,367	+ 7.4
All others . .	270	+ 8.4	53	-50.9	76	+18.8	1,155	- 1.7	1,554	- 2.6
Total . . .	6,202	+10.2	1,977	-30.6	493	+ 7.4	2,121	-11.1	10,795	- 4.7

Compiled from reports of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

1/ Preliminary reports of the Bureau of the Census give consumption in the United States for the six months ended July 31, 1932 as follows: American 2,179,000 running bales; foreign 59,000 bales of 500 pounds; all kinds 2,238,000 bales.

United States

The 403,000 bales of cotton consumed in the United States during August represented an increase of 44 per cent over July and was the highest for any month since last March, but was still 5 per cent below that of a year earlier, according to data from the Bureau of the Census. Much of this August increase in domestic mill activity evidently resulted from the marked increase in the demand for cotton textiles which accompanied the July and August advance in cotton prices. The August sales of cotton cloth averaged 127,600,000 yards per week, the largest for any month on record. Sales were 129 per cent above July and were almost three times as great as production, according to data from the Association of Cotton Textile Merchants of New York. Cloth production increased during August almost 30 per cent and shipments more than 53 per cent. Unfilled orders showed the greatest increase (113 per cent) for any month on record and stocks the greatest decrease. The stocks were the lowest on record.

Trade reports indicate that sales of cotton textiles declined considerably during the first half of September which might be expected after such large purchases in August and with the prices of raw cotton declining sharply and prices of some of the cotton textiles declining somewhat.

Great Britain

At mid-September the British cotton textile trade was rather dull. Purchasers had hesitated to buy due to declining cotton prices at that time and the unsettling effect of the uncertain outcome of the strike among the weavers. Spinners' takings of American cotton in England had been running above a year ago but mill activity had been reported as below this time last year.

Some reports indicate that cloth business with India improved after the increase in the Indian tariff on Japanese goods. The other foreign markets are demanding only small amounts of cloth but the demand from the Continent for yarn of finer counts has been more favorable.

Piece goods exports in August declined somewhat as compared with July yet were 26 per cent above August 1931 and 8 per cent larger than August 1930.

Continental Europe 1/

The month of August brought a decided improvement in the continental cotton textile situation. The marked August advance in overseas prices of raw cotton, particularly the advance in American staples following the August estimate of the United States Crop Reporting Board, stimulated tremendous activity in the buying of raw cotton, cotton yarns, and cotton fabrics in practically all countries on the Continent of Europe, and brought about a certain increase in cotton milling activity.

Possibly the most significant feature of this development was the fact that cotton manufacturers and cotton goods wholesalers again showed willingness to refill, at least to some extent, their much reduced stocks of semi-manufactured and finished cotton goods. As the market for raw cotton began to record its steady advance, a gradual increase in buying interest for cotton yarn and cotton fabrics became apparent, particularly in central Europe, but extending also to

1/ Based largely on a report from Agricultural Attache' L. V. Steere at Berlin, dated September 6, 1932 supplemented by cable September 16.

western Europe and even into Italy. For the first time in months, and even years, a general revival of confidence has seemed to manifest itself.

This upturn in new business being booked by the mills in August has also been reflected in a certain improvement in mill operations in both spinning and weaving establishments in most of the countries of the Continent, with indications that the trend will be continued if reasonable maintenance of orders is experienced. As continental mill stocks of cotton yarn and goods are low, the recent pick-up in new business resulted in an immediate tendency toward the expansion of mill production at various important centers, and has also brought forth some optimistic statements about intentions to accelerate output, notably in northern France, at Roubaix-Tourcoing, and also in Germany, where it seems likely that at least the partial abandonment of the recently imposed curtailment of cloth and yarn output will come about.

These improvements on the demand side, coming on top of the advance in raw material prices, have had a markedly stimulating effect on the purchases of raw materials by both merchants and spinners. Reports from all continental markets indicate that August buying, particularly of American staples, has been of great magnitude, and the same is true of price fixing. Interest is centered around the fall months, but has also extended well into the winter and spring. This wave of buying persisted throughout most of the month, and was only halted at the close, when raw material had a rather sharp setback after its long period of steady upward movement.

As September opened, the continental cotton industry and cotton trade appeared to be generally optimistic about the rise in raw material prices and its bearing upon future developments. The marked increase in textile goods consumption reported in the United States, and the belief that a turn for the better in general business is not far distant, are important factors in this view.

On the other hand, political uncertainty and precarious financial conditions in central Europe continue to dampen hopes of substantial improvement in cotton goods consumption in this part of Europe in the very near future, and it seems advisable to point out that a genuine and sustained pick-up in the cotton situation appears to require much sounder and greater improvement in the entire industrial and trade situation than now seems likely to develop in the immediate future. The cotton industry of Europe is undoubtedly in a sound position, because of reduced cotton goods, stocks and the low raw material prices, to go ahead with a broad expansion in production once consumer demand really increases.

Germany

Trade and other reports point to a decided improvement in the general cotton market situation in Germany during August. The month saw the development of a marked increase in demand for both cotton yarn and cotton cloth and this, in turn, was reflected in steps toward doing away with the organized restriction of production introduced by the spinners' and weavers' organizations in recent months.

This more favorable turn of business came rather unexpectedly, as the July reports of the German spinners' and weavers' associations were still generally pessimistic, as a result of relatively poor business in most German textile centres, except for certain specialties and some pick-up incident to

the early July rise in raw cotton prices. The agreements reached by members of both spinners' and weavers' associations for the reduction of output were still being fully maintained, but, at the same time, were apparently having some salutary effect through the reduction of mill stocks of goods to lower levels, as there was a rather rapid change in the outlook for future operations, with the upward turn in the flow of new orders which occurred.

Efforts to maintain organized restriction in all sections of the German cotton industry seemingly broke down during August. The revival of new business made it impossible to obtain the required 80 per cent adherence of member firms to the agreement to maintain restrictions of output in the weavers' sections. A number of mills, therefore, undoubtedly increased mill operations to a considerable extent during the last ten days in August, following the expiration on August 20, 1932, of the curtailment agreement. Cotton spinning mills prolonged the organized short-time operations until September 12, 1932, but they have recently agreed not to prolong the restriction after that date. The increased demand for yarn and goods by weavers and the trade made it possible for spinning establishments to advance quotations for yarn.

The German cotton industry has recently manifested some uneasiness about the demands of agricultural interests in Germany that raw cotton be included among the products for which import contingents were to be introduced. German cotton merchants have made energetic protests, pointing out that the maintenance of present possibilities for the importation of raw cotton is absolutely essential for the German economy, and it seems improbable that measures beyond the existing restrictions on foreign exchange allotments will be taken. The allotment of foreign exchange for the importation of raw cotton has not interefered hitherto with the raw material supply situation. It is based on the average monthly importation during July-October 1930, i.e., 50 per cent of the value of the cotton imported in those months has been allowed for cotton imports in recent months. In July-October 1930, German spinners were paying from 10 to 12 cents per pound for raw cotton, so that an equal quantity has been obtainable under the present currency allotment at the price of 5 to 6 cents per pound prevailing in the last few months.

The July and August advance in cotton prices, however, materially affected the supply outlook. If the German Government finds it necessary to continue holding the currency allotment down to 50 per cent, it is not unlikely that German spinners' supplies of raw cotton will diminish, particularly if an increase in consumption should develop. There is no shortage for the time being, because there now appears to have been considerable importation of raw cotton in excess of actual requirements in recent months, notwithstanding some trade reports to the effect that spinners' supplies of raw material have reached low levels. German mill holdings at the end of July were considerably above stocks a year ago, and represent, furthermore, considerable speculative gain to the industry on the basis of present raw material prices. The increase in the tariff on cotton yarn which went into force on September 6, 1932, will undoubtedly help spinning mills to hold the gain which has thus accrued.

Reports from the Bremen market indicate that there was a large increase in buying interest for raw cotton in August, both by spinners and merchants. Price fixing was also very extensive until the last few days of the month, when it dropped off in connection with the decline of raw cotton prices in the United States.

Czechoslovakia

The Czechoslovakian cotton textile industry continues to be handicapped, basically, by the large discrepancy between the capacity of its cotton cloth mills and the cotton goods requirements of the domestic market, which necessitates the finding of a large export outlet, an exceedingly difficult matter in the past year. Nevertheless, the recent rise in values of raw cotton brought some pick-up in the Czechoslovakian cotton mill situation. Sales of yarn and cloth increased considerably during August, in connection with the apparent tendency of manufacturers and wholesalers, including exporters, to lay in a certain stock of cloth before a substantial rise in prices of finished goods occurred. The increase in sales booked by mills was of enough importance to lead trade observers to anticipate increased mill activity figures for the month of August.

Czechoslovakian cotton spinners have been hoping to arrive at an agreement to contingent cotton yarn production and to raise yarn prices, and cloth mills are also endeavoring to come to an understanding in regard to uniform policies on prices and production, but it remains to be seen whether anything will come of these efforts following the recent improvement in new business.

The Czechoslovakian textile industry has been considerably disturbed by the announced intention of the Government to commute the turnover tax, a measure which would require an estimated increase of 150,000,000 to 160,000,000 crowns in the operating capital of the Czechoslovakian textile industry. The banks are reported as having declared themselves unable to assist in financing the mills in connection with this tax, a fact which, according to the industry, would force many establishments to restrict production if the measure were put into force.

Austria

Reports from Austria continue to emphasize very bad conditions in the cotton textile industry. Nevertheless, the recent rise in the raw cotton market has brought certain benefit to the mills, as has been the case in most other countries. Sales of both cotton yarn and goods are reported to have increased noticeably, and an improvement in mill activity is expected. Austrian cotton spinning mills hope to profit, furthermore, from the measure which discontinued the allotment of foreign exchange for the importation of cotton and woolen yarn, effective August 1. Weaving establishments dependent on foreign yarns for reasons of quality, or otherwise, will undoubtedly be inconvenienced by this measure, but the net effect to the industry will doubtless be favorable, and the weaving mills, moreover, have some possibility of procuring their foreign currency requirements through private clearing arrangements, as suggested by the Government.

Export business and possibilities for the Austrian cotton industry continue drastically restricted, but it is hoped that the provisional trade agreement now being worked out with Hungary will open some additional outlet.

France

A conservative but steady movement was apparent in new business booked by cotton spinners and weavers in all French textile centers during the first half of August, and in the second half of the month the tendency developed into

a movement of large proportions. French cotton mill activity, on the whole, during the month of August doubtless rose, and Roubaix-Tourcoing spinners were anticipating an increase from the early September operations of 27 hours per week on the average to 36 hours.

The phenomenal rise in raw cotton prices in August was the main reason for a revival of business in yarns and fabrics in the French cotton market, but it is also indicated that small stocks of cotton yarn have contributed importantly to the rapidity and extent of the response in mill activity. The buying movement seems to have been chiefly for the account of the domestic market, as export sales were reported less satisfactory, and have even been the object of some complaint.

French purchases of raw cotton during August were extraordinarily large, and the volume of price fixing was also of extensive proportions. This great spurt in buying has been attributed largely to the sharp upward movement in raw material values, but the unusually low level of raw cotton stocks was also an important factor. French imports of raw cotton during the past cotton year failed by a considerable margin to cover actual mill consumption, even at the much reduced levels of activity of the past year, and mill stocks, as of July 31, 1932, fell to 214,000 running bales, as compared with 376,000 a year ago, and were the lowest for that date since 1924.

Belgium

Belgian cotton merchants, according to Vice-Consul Christiani, of Ghent, were beginning to exhibit a certain amount of optimism in July, as a result of the increase in raw material prices, and some improvement in orders for cotton cloth for both home and export markets occurred, although spinners were still in a bad position.

Trade reports for the month of August fully bear out this optimism, as improvement in the Belgian cotton mill situation has been reported. The advance in raw cotton prices has led to large sales of fabrics for both domestic and export account, and these point sooner or later to some revival in yarn business. The trade is hopeful that the movement will be the beginning of a more general revival, although confirmation must necessarily be awaited.

Italy

Information on the cotton situation received privately from Italy indicates that buying interest for raw cotton was also stimulated by the upward movement in prices for raw material during the month of August, although the markets in Italy were apparently less active than in most of the other continental countries. As compared with normal years, the volume of trading in raw material was described as moderate, with demand fair for spot delivery and near shipments. Active buying was only of a sporadic character.

Sales of cotton yarns and goods were also stimulated, and it is expected that a certain increase in mill activity has followed, or will soon follow, as the mills have been pursuing a very conservative policy in respect to operations, and are in a favorable position to increase output once the order situation provides the incentive.

Stocks of raw cotton at Genoa and Venice in recent weeks have been reported slightly above holdings at the same time last year. Total stocks at the mills on July 31 were larger than a year ago, 225,000 running bales against 190,000, but virtually unchanged as compared with January 31, 1932, when mill holdings amounted to 222,000 bales.

Poland

A middle of August report from Lodz pointed to some further improvement in the position of the Polish cotton textile industry during the summer. The spinners' trust was quite successful in putting the industry on a sounder production basis, and yarn stocks have been worked down to a low level, the latest reports indicating holdings not in excess of three weeks current yarn requirements. Spinners' operations, in fact, were increased from 97 per cent in mid-July to approximately 99 per cent the beginning of August, and prices being obtained for yarn in early September were described as "not unsatisfactory". The so-called summer season has been a good one, with practically no stocks left to be carried over into the new campaign. A mid-September report stated that a partial strike in Lodz was causing uneasiness in the Polish industry.

The importation of raw cotton into Poland has increased slowly but steadily since the beginning of 1932. Spinner buying of raw cotton, moreover, has increased considerably in the past few weeks, both for immediate delivery and for more distant months. Cotton importers are reported to be replenishing stocks at Gdynia by purchases from the United States, as the stocks now available are small. The mill stocks of 18,000 bales on July 31 are somewhat larger than last year (11,000), but very small in relation to current requirements, in fact, only a trifle over one month's needs.

Russia

The July production plan in Russia was reported fully executed in the case of cotton fabrics with total production amounting to 198,000,000 yards (100.2 per cent of the plan). Yarn output continued somewhat below plans with 47,900,000 pounds or 95.8 per cent of the plan, turned out during the month.

August production figures will probably be smaller than those of July because of the summer vacation taken by the workers. Preliminary figures available for the first twenty days of the month indicate a total output of finished fabrics of only 90,900,000 yards and 27,300,000 pounds of yarn.

Total production of cotton fabrics during the first half of the year amounted to 1,375,000,000 yards or 46.5 per cent of the yearly plan. Compared with the corresponding period in 1931, production increased by about 12 per cent, but a further increase is necessary if the total plan for 1932 of 3,348,000,000 yards is to be executed. A lag as compared with the plan is also noticeable in the case of cotton yarn production, which amounted to 364,813,000 pounds during the six months ended June 30, or also 46.5 per cent of the yearly plan.

Japan 1/

Mill purchases of cotton in Japan were said to have been light during July and most of August. It has been estimated that the five leading mills in

1/ Based largely on cabled advice from Consul Donovan at Kobe received August 30, 1932, supplemented by cable on September 14.

Japan have sufficient raw material on hand or under contract to last them until November or December although the stocks of smaller mills are believed to be negligible. Total mill stocks of American cotton in Japan at the end of July this year, excluding mill-owned stocks located at port warehouses, amounted to 370,000 running bales which was more than twice the amount held a year earlier. The Japanese mills no doubt owned a considerable amount of the record port stocks of American, which on July 31 totaled about 480,000 bales. Total mill and port stocks of American cotton at that time amounted to 850,000 bales which was only 83,000 bales less than was consumed in Japan during the preceding six months.

Some reports attribute the recent drop in the value of the yen to heavy purchases of raw cotton, but that has been denied. The weakness of the Japanese exchange is said to have caused mills to refrain from buying as heavily as might be expected. The price parity of American and Indian cotton in early September was still markedly in favor of American cotton. As long as this continues the prospects for the sale of American cotton in Japan will continue bright, although the Japanese mills were to have reduced their spinning operations still further beginning September 1. The new rate of curtailment which was decided on August 20 was 36.4 per cent whereas they had previously been curtailing operations by 31.4 per cent, 20 per cent of which was by sealed spindles and 11.4 per cent by extra holidays.

Total yarn production in Japan during August amounted to 230,000 bales of about 400 pounds. This was practically the same as the July production but was 9,000 bales or 3.6 per cent above production in August 1931. The demand for yarn in Japan in August was reported as poor and yarn stocks were accumulating which no doubt caused the additional curtailment in spinning operations. The foreign demand for cotton cloth, however, was good as exports of cloth in July attained record levels. The 194,400,000 square yards exported compared with 175,400,000 in June, and 138,000,000 in July 1931. The increased losses in Chinese markets were more than offset by heavy purchases from South Africa, the Near East and various Oriental markets. The low exchange rate was an important factor in the large exports. The home demand for piece goods was very slack at the beginning of September.

China 1/

While the total mill consumption of raw cotton in China during 1931-32 showed a slight decline from both 1930-31 and 1929-30, the consumption of American cotton more than doubled. The 883,000 bales of American consumed in 1931-32 was 521,000 bales greater than the 1930-31 consumption which itself was greater than that consumed in any preceding season. Most of this increase in American was at the expense of Chinese cotton, due to the large supply of American and the short crop in China. The consumption of Chinese (listed as Sundries) was 497,000 bales less than in 1930-31, and Indian 99,000 bales less.

The general conditions in China at mid-September indicated that mill activity in China during the current season would hardly be equal to that of the past few seasons. It is expected that consumption of American in China will be more nearly normal this season with a more normal supply of Chinese cotton becoming available.

1/ Based largely on cabled information received from Agricultural Commissioner Dawson at Shanghai on September 14, 1932.

In the first part of September Chinese owned mills at Shanghai were operating near capacity while Japanese mills there were operating around 60 per cent of capacity. The Japanese mills were having difficulty in disposing of their reduced yarn and piece goods output. The yarn market in general was rather slow at mid-September but in view of the better crops this year is expected to improve after the mid-autumn festivals although the market in North China is uncertain.

The piece goods market in China was reported as extremely quiet. The Yangtze markets, however, have shown signs of improvement but the financing of purchases has been difficult.

Acreage, Production, and Crop Conditions

United States

The September official crop report indicated a 1932 production in the United States about the same as the forecast one month earlier, the forecast of 11,310,000 bales being only 4,000 bales greater than the one in August. The forecasted yield per acre for the United States as a whole was less than was indicated in August but the prospects were that the acreage harvested would be greater than was anticipated in the first forecast. The August figures allowed for an average abandonment of acreage whereas in the September report it was estimated that abandonment will be only about 1.8 per cent compared with a 10-year average of 3.1 per cent.

The prospective yields declined in August in practically all States in the eastern and central portion of the Belt where weevils were quite active and weather conditions were mostly unfavorable. Favorable moisture in western Texas and Oklahoma was said to be responsible for the increase in the forecasted yields in these States.

Egypt

The 1932-33 cotton acreage in Egypt was reported a month ago as being officially estimated at 1,135,000 acres or 35 per cent less than the 1,747,000 acres in the 1931-32 crop. Since then the estimate by varieties has been received. Sakellaridis acreage has been estimated at 383,000 acres or 23 per cent less than in 1931-32, Ashmouni and Zogora at 526,000 acres compared with 788,000 (a 33 per cent decrease) and all others at 226,000 acres or 51 per cent less than in 1931-32. Private concerns in Egypt are said to be estimating the crop at about 945,000 bales of 478 pounds or about 341,000 bales (27 per cent) less than the 1931-32 production. This is on the basis of a 5-year average yield of Sakellaridis, Uppers, and other varieties. With an average yield equivalent to the 10-year average yield of all varieties applied to the total estimated acreage the 1932-33 would give a production about 350,000 bales or 27 per cent below that of last season. Yields in Egypt, however, vary considerably and the reduction in production might be materially more or less than this amount.

China 1/

Growing conditions in late summer were favorable to most of the cotton crop in China and it is fully expected that the new crop will be much larger than the reduced 1931-32 crop and somewhat above the production of 1930-31. This Bureau's adjustment of the Chinese Mill Owners forecast gives a figure of 2,500,000 bales, about 47 per cent above their adjusted estimate for last year and 11 per cent above the 2,250,000 bale figure used for 1930-31.

1/ Based largely on cabled information from Agricultural Commissioner Dawson at Shanghai received September 14, 1932.

The crop last year was greatly reduced due to floods and other unfavorable weather which reduced the acreage and yields. This year yields are expected to be much above last year and somewhat greater than average.

India

Little additional information on the Indian cotton crop prospects has been received during the past month, but with yields anything like normal the crop should be considerably above the short 1931-32 crop. The first acreage estimate, giving the area planted up to August 1 indicates that the acreage will probably be only slightly different from that of last year unless unusual developments take place between now and the end of the planting season.

Russia 1/

The outlook for this year's cotton crop in Russia is still very uncertain, although favorable crop prospects, even an increase over last year's crop, are indicated for certain regions, notably the Kokand region of Usbekistan, an important cotton section.

Recent reports indicate that this year's cotton acreage is probably below the 5,800,000 acres of the preliminary estimate, chiefly due to failure to complete the plan in Middle Asia and Transcaucasus, and also to some loss of acreage as a result of the lack of cultivation. (124,000 acres are reported to have been lost in Ukraine, or about 25 per cent of the total cotton acreage there, of which fully 100,000 acres were left uncultivated after the planting and suffocated from the weeds.) It appears that the rather favorable outlook earlier in the season, as a result of timelier sowings than last year and favorable weather conditions, has been considerably blighted by poor cultivation during the important growing period. Poor irrigation of fields frequently had an unfavorable influence on the cotton plant, as fields were reported to have received twice and three times the water needed; at the same time the cultivation of the fields did not take place promptly, which led to drying up of the soil, formation of a crust and unusual growth of weeds. It is also stated that the reduction of the share of alfalfa in the general crop rotation system, from 32 per cent in 1914 to 17 or 18 per cent at present, is resulting in exhaustion of the soil. This exhaustion is furthermore accentuated by insufficient use of fertilizers, only 6.4 per cent of the acreage having been fertilized this year. A large part of the decrease in yields, however, are no doubt due to the expansion of the acreage into new and unirrigated regions. The latest available official Russian cotton figures give the following data for acreage, production and yield during the past few years:

1/ Based largely on Mr. Steere's report (See page 11).

	Acreage in 1,000 acres	Production 1,000 bales of 478 pounds net	Yield per acre Pounds
1927	1,851	994	257
1928	2,400	1,174	234
1929	2,608	1,279	234
1930	3,911	1,589	194
1931	5,346	1,851	166
1932 1/	5,400	3/ 1,900 - 2,000	-
1932 2/	5,800		

1/ This Bureau's preliminary estimate.
2/ Official as of July 1, 1932. Later press reports indicate the possibility of a lower acreage.
3/ The estimated production on these two acreage figures using the formula given in the November 1931 issue of World Cotton Prospects.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-85 October 31, 1932

WORLD COTTON PROSPECTS

Summary

Sales of cotton textiles in this country as well as in many foreign countries increased very materially during the recent period of advancing cotton prices, and as a result cotton textile mill activity increased to a considerable extent. In the United States cotton consumption increased from 279,000 bales in July to 403,000 bales in August and 492,000 bales in September, an increase of 76 per cent in 2 months. Despite the marked increase in domestic textile production, sales, at least of cotton cloth, were slightly larger than production during September. In many of the continental European countries there was an increase in mill activity accompanying and following the increased textile sales, but reports about the end of September indicated that the industry had again assumed a more cautious attitude although much of the improvement made in July and August had been largely maintained. In Great Britain sales of cotton yarn were reported as running above production during the second half of October but mill activity was below a year earlier. Japan continues to maintain a high rate of cotton consumption with a large percentage of American still being used. The exports of cotton cloth from Japan continue at record levels with heavy demand from India. In China the Chinese owned mills were operating at about normal rates at mid-October while the Japanese mills continued at only about 60 per cent of normal. With a Chinese cotton crop 40 to 47 per cent larger than last year, and the price of native cotton in China relatively low, interest in American cotton is considerably less than last year.

Exports of American cotton are still running above last season with the movement distributed more normally among the different countries than was the case last season. For the first 2 months this season exports totaled 54 per

cent larger than in a like period last season. The greatest increases over last year were in the amount going to Germany, France, and the United Kingdom. Exports of Egyptian and Indian cotton continue to run below the corresponding period last season.

The latest Government estimate of domestic production indicates a crop in the United States 5,671,000 bales less than in 1931-32. In India and China, however, the 1932-33 production is expected to be much larger than last season. Private estimates for India point to an increase of from 800,000 to 1,200,000 bales of 478 pounds and in China the increase is now estimated at about 800,000 bales. Egyptian production may be more than 400,000 bales less than in 1931-32 and decreases may also occur in Mexico, Brazil, and some of the smaller producing countries.

Prices

From the high point of 8.84 cents for Middling 7/8 inch cotton at the 10 spot markets reached on August 27, prices have fluctuated irregularly, with a downward trend, until on October 24 the average went below 6.00 cents, the lowest since early August. Since then there has been some recovery. Much of the decline in cotton prices has been associated with the decline in industrial stocks prices. Prices received by domestic producers rose from 4.6 cents per pound on June 15 to 7.2 cents per pound on September 15 which compares with 5.9 cents received in September 1931.

Futures prices of American cotton have shown greater weakness during recent weeks than have spot prices. The greater strength of spot prices is evidently due to moderate marketings of the new crop, fairly strong demand for spot cotton and the continued holding of stocks of old cotton.

Stocks and Movement

Exports of American

During September exports from the United States amounted to 734,000 running bales compared with 558,000 bales in the same month last season and 903,000 bales in the like period of 1930-31. For the first 2 months of this season total exports were 1,186,000 bales whereas last season they totaled 769,000 bales during August and September, an increase of 54 per cent. The greatest increases over last year were in the movement to Germany, France, and the United Kingdom although most European countries took more than at the same time last year. Japan, China and other countries, however, have taken smaller amounts this season than last.

Exports of Indian and Egyptian

From August 1 to October 20 total exports from India amounted to 270,000 running bales compared with 413,000 bales in 1931 and 671,000 bales in 1930, according to data from the Commercial and Financial Chronicle. Great Britain, Japan and China took considerably less Indian than during the same period last season but the Continent took slightly more than during the first 80 days of last season. It is expected that a material increase in Indian exports will take place when the new crop cotton starts coming on the market since it is now expected that this crop will probably be a million bales larger than last year.

Exports of cotton from Alexandria, Egypt from August 1 to October 19 this season totaled 119,000 bales which were 44,000 bales less than a year earlier but slightly larger than the 114,000 bales exported during the same period in 1930. With the Egyptian crop about one-third less than last year it is expected that exports will continue to run below last season.

Textile Situation

United States

Domestic cotton mill activity in September was rather high, the 492,000 bales consumed being 22 per cent above August and 6 per cent or 27,000 bales above September 1931. This was the first time since last February that monthly consumption exceeded the consumption of the corresponding month the previous year. As compared with the very low rate of consumption during July there was an increase in the 2 months, August and September of 213,000 bales or 76 per cent. This marked increase reflects the large buying movement in cotton textiles which occurred in August and early September under the stimulus of the advancing prices of cotton, other commodities and industrial stocks. Many mills are said to have sold 2 or 3 months output in advance. More recently sales have declined considerably but for the month of September sales of cotton cloth, as reported by the Association of Cotton Textile Merchants of New York, were slightly larger than production although less than half as large as in August.

For the first 2 months this season total cotton consumption amounted to 894,000 running bales, according to the Bureau of the Census data, compared with 889,000 bales during the same period last season. Larger consumption, together with the fact that exports during the first 2 months this season were 417,000 bales larger than last season, gives a total disappearance of American cotton from the United States supply of about 422,000 bales greater than during August and September last year.

Great Britain

Toward the middle of October reports from Manchester indicated that the textile situation there was improving somewhat. Cloth demand was broadening with more sales to India and China. Sales of yarn were said to have exceeded production.

The threatening labor difficulties in the spinning section of the industry were settled during the latter part of October without the stoppage of any of the mills.

Piece goods exports amounted to 177,400,000 square yards in September, which were 48,900,000 square yards or 38 per cent greater than in September, 1931, but showed a slight decline as compared with August. At the low point in November, 1931 exports amounted to 126,000,000 yards and for the first 8 months of 1932 they averaged about 190,000,000 yards. For the 2 months August and September total piece goods exports amounted to 358,300,000 square yards compared with 272,300,000 square yards, an increase of 32 per cent over 1931.

Continental Europe 1/

The upward surge in the cotton textile situation on the Continent during August gave way in September to a hesitating movement, in which, however, previous gains were largely maintained. The downward turn in raw cotton prices, following their previous sharp advance, have clearly caused a renewal of caution. In fact, some doubt is evident as to whether the upward movement can continue with business conditions still showing no definite turn for the better. Improvement in purchasing power, it is felt, must follow soon if the marked upturn in cotton textiles is to be maintained, so attention is being focussed for signs of general revival.

New business booked by spinners during September was relatively satisfactory in all continental countries, though somewhat interfered with at times by the extensive fluctuations in the raw markets. The downward trend of raw cotton prices experienced throughout September was especially felt in central Europe, but yarn business in France, on the whole, was not particularly influenced by the decline in prices. New orders booked by manufacturers of cotton cloth were also fairly satisfactory in western Europe during the month, and continued to be considerably better than in June and July in central Europe.

Cotton spinning and weaving mill activity on the Continent as a whole appeared to show a further slight rise in September in comparison with the improved levels attained in August. The pick-up was greatest in western Europe, where, for example, most Roubaix-Tourcoing spinners shifted from 3 days per week to 4 or 5 days occupation.

The great interest in raw cotton shown by spinners and merchants during August slackened during September, because of the downward movement in prices, yet a fair volume of business continued to be reported from raw market centers over most of the Continent, with purchases centering mainly in near shipments. Price fixing by spinners was of generally moderate volume, but major setbacks in raw prices were generally taken advantage of for the placing of fixing orders.

In addition to concern for the future development of general business, the cotton textile industry continues to be confronted by the growth of obstacles to international trade. Some stability has been attained in respect to foreign exchange restrictions, but other types of measures, notably measures aiming at the restriction of imports to protect agricultural and other domestic producers, etc., continue to increase. The recent out-break of a wave of retaliatory measures against countries which have adopted contingent systems, or are threatening to adopt one, as in the case of Germany, is causing

1/ Based largely on a report from Agricultural Attache L.V. Steere at Berlin dated October 6, 1932, supplemented by cable October 15.

particular uneasiness. Germany has experienced considerable difficulty of late in textile exports, notably to the Scandinavian countries, where strong efforts are being made to curtail purchases of German goods apparently in retaliation for Germany's strides toward agrarian protectionism. This development may yet lead to a noticeable shift in Scandinavian textile buying from Germany to England. The Czechoslovakian textile industry is also much influenced by the numerous barriers across export channels, because of the dependence of its textile industry on export outlets. Prospects of the early removal of obstacles of this nature are not encouraging.

Germany

The German cotton spinners association report for the month of August indicated definitely that the sharp advance in raw cotton prices during August resulted in a remarkable improvement in cotton yarn sales, with a general increase in unfilled orders reported for the end of the month. It was stated, however, that these purchases were mostly speculative, based upon the expectation of a further rise in prices, and that the limited increase in the calling of old contracts indicated that consumption was still slow. Spinning operations, according to that report, were unchanged during August. Prices obtainable in August were complained of, particularly prices for fine counts, because of British competition.

The cotton weavers' report for August likewise indicated considerable improvement in business, with a marked increase in unfilled orders. Export sales remain small, however, and the industry faces, with great anxiety, the boycott movements in northern European countries against German goods, for which the agrarian policy of the Reich Government is held responsible. The weavers' report likewise stated that a revival in actual goods consumption was not evident and that the increased business in all sections of the industry was due to speculative considerations.

The September report of the spinning industry shows some increase in spinning mill activity and a fair amount of business done. Weaving business in September was quite satisfactory according to the report. At mid-October some revival of confidence in Germany was reported as a result of the economic program of that Government.

On September 10, the German cotton spinners decided not to prolong beyond September 12, the organized restriction of spinning activity, but in early October efforts were still being made by the association to bring about a reconsideration of the restriction plans.

Cotton spinner purchases of raw cotton were of fair volume during the month of September, but a tendency to hold back was apparent whenever declines in raw values occurred. Price fixing, however, remained of considerable volume, especially on major setbacks in cotton price quotations.

Various indexes of the German cotton textile situation indicate a fairly sound situation in many branches of the industry, but as yet there is little evidence of an increase in consumer demand, which must come if the recent revival in the industry is to continue long. The volume of textile retail sales in July was estimated at about 82 per cent of July 1931, and August sales reached a new low level in point of value, and probably also in volume. Developments of such sales in 1931 and 1932 are shown in Table 1.

The Leipzig Fair closed at the end of August with reports that, in regard to textiles, business was slow, and that buyers mostly confined themselves to orientation. Some satisfactory sales were made in novelties.

Table 1.- Index of value of German textile retail sales, by months, 1931 and 1932

July 1924-June 1926 = 100

Month	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1931	91.8	66.6	78.2	82.7	102.1	80.2	92.5	63.1	70.5	87.3	76.8	109.3
1932	69.8	55.0	62.3	67.7	73.2	63.3	63.9	45.7				

Czechoslovakia

Press information in regard to the position of the Czechoslovakian cotton industry indicated little change in the basically unsatisfactory situation reported previously. The somewhat increased influx of orders for spinning and weaving mills in August gave way to renewed recession by the end of September, and there was little optimism evident in the industry because of the very unfavorable prospects for export of both cloth and yarns.

The spinner cartel was definitely formed several weeks ago, with an adherence of 95 per cent of all spinners at present in operation. The cartel has increased yarn prices but slightly, in order to safeguard the export interests of the industry.

As Czechoslovakian spinners have experienced considerable difficulties in getting adequate allotments of currency for raw cotton at the increased price level, it has been urged by influential groups of the industry and trade that textile raw materials be excluded from the currency restrictions. It is still uncertain whether the Government will comply with these demands.

Figures now available on Czechoslovakian imports of raw cotton during 1931-32 clearly show the great decline in cotton mill activity as compared with the favorable years prior to 1929-30. Net imports of raw cotton in 1931-32 amounted to the equivalent of 382,000 bales of 478 pounds as compared with 452,000 bales last season, 504,000 in 1929-30, 563,000 in 1928-29, and 615,000 in 1927-28. Similarly, an enormous decline has been experienced in exports of cotton yarn and fabrics, the latter amounting to only one quarter to one half and the former to about one half of last year's exports.

Austria

Such information as is available on recent developments in the Austrian cotton textile industry, points to continued difficulties in the spinning section though weavers who are well protected against foreign competition seem to have profited from the revival of raw cotton markets in August. September raw cotton developments, however, resulted in renewed hesitancy on the part of buyers.

Raw cotton imports into Austria during 1931-32, as a result of the fear of currency depreciation and currency allotments, have been considerably above those of last season, amounting to 115,000 bales of 478 pounds as compared with 98,000 last year, and 118,000 in 1929-30.

France

French spinners and weavers experienced a continued improvement in new business during the month of September, despite the decline in raw cotton quotations and the hesitancy of buyers in central European countries. Effects of the declining raw markets were felt only temporarily in the volume of new orders coming in.

The position of the yarn market at Roubaix-Tourcoing has improved greatly over previous weeks, with very small stocks of cotton yarn reported from weaving plants. Yarn prices developed an upward tendency and in early October were apparently quite attractive for the industry. During the second half of the month the decline in the cotton prices dampened the active interest for cotton yarn at Roubaix, but Rouen continued to report active sales. Unfilled orders held at Roubaix, however, are reported sufficient to keep the industry active for 3 to 4 months at present rates of occupation.

Weaving mills also reported a considerable volume of new business in September, as a whole, with slower sales during the second half of the month, but a revival at the end. Export interest for French cotton cloths has also been quite good. Mill activity among both spinners and weavers was increased during September with most of the Roubaix spinners shifting from 3 days' occupation per week to 4 or 5 days.

The September decline in the raw cotton market has adversely affected French spinner and merchant interest for raw cotton, though buying interest for spots and outside growths, which at times were attractive in comparison to American prices, was of fair volume. Price fixing orders by the industry during the month were rather small.

Figures now available on French raw cotton imports during the season 1931-32, clearly point to a great decline in French mill activity, though it should be kept in mind that actual recession was not as great as this drop in imports, because of the fact that raw cotton stocks in France were greatly reduced during the season. While imports from 1926-27 to 1930-31 were steady around 1,637,000 to 1,683,000 equivalent bales of 478 pounds, imports during 1931-32 fell to 826,000 bales. This fact partially explains the heavy buying by France in recent months.

Italy

Information from Italy indicates that the situation in the cotton spinning and weaving mills at the end of September was somewhat less favorable than a month earlier, with new orders having declined and mill activity tending downward. The change, however, does not seem very significant, in view of the fact that these reports also show new sales by the industry to be outrunning production. Cotton spinner demand for raw cotton, both spots and near shipments, was fair in September, with price fixing taking place in moderate volume on important declines in raw prices.

Italian cotton spinning and weaving mill activity figures through July indicate a slightly downward tendency in the activity of both spinning and weaving establishments from May to July. In fact, for the 7 months since January a slightly downward tendency is evident, but both spinners and weavers have maintained occupation without great fluctuation.

Raw cotton import figures for the whole season are not yet available, but it may be expected that imports will be approximately 858,000 bales of 478 pounds during 1931-32, which is above last season, when imports were 798,000 bales. The largest raw cotton imports since 1926-27 amounted to 1,093,000 bales, in 1928-29.

Poland

Reports on the cotton mill situation in Poland in August and early September indicate that business in cotton yarns has been good, the general buying interest permitting the spinners trust to advance prices significantly. Interest for finished goods is somewhat slow, but a satisfactory winter season is expected because of much reduced stocks of both yarn and fabrics.

Net imports of raw cotton into Poland in 1931-32 amounted to 221,000 bales, as against 282,000 and 235,000 in 1930-31 and 1929-30 respectively. The largest Polish imports of 347,000 bales occurred in 1927-28, and 302,000 bales were imported in 1928-29.

Beginning with January 1, 1933, all cotton imports will have to be made via Gdynia, as cotton imported through any other port (non-Polish port) will have to pay an import duty.

Russia

Summer vacations and possibly also reduced supplies of raw material continued to affect production of the cotton textile industry during August. August production of finished goods was 8 per cent below July output and about 20 per cent below the average monthly production during the first 6 months of the current year. Total production of finished goods during August amounted to 182,500,000 yards or 85.5 per cent of the plan. Production of yarn amounted to 46,279,000 pounds, which is also considerably below plan (84.9 per cent of the plan).

No pick-up was apparent at the beginning of September, when daily production was reported both below output at the end of August as well as the corresponding time last year. The nonexecution of the plan for cotton fabrics for the calendar year now seems certain, as the plan for the fourth quarter of the current year does not foresee an increase sufficient to offset the lag of the previous months. The plan for the last 3 months of 1932 provides for an output of cotton fabrics of 849,180,000 yards, which is an increase of 34.2 per cent, compared with the same period a year ago.

The newly organized Commissariat of Light Industry has presented its first draft of the second 5-year plan, on the basis of which output of cotton fabrics is to amount to 4,068,000,000 yards in 1933 and to 7,054,000,000 yards by 1937. This would bring about an increase in per capita consumption of cotton fabrics from 15.0 yards to 30.4 yards. Total per capita consumption of all textiles is to increase from 18.2 to 48.6 yards.

Japan 1/

The parity of prices of American and Indian cotton in Japan during the last of September and the first part of October was reported as favorable to Indian cotton and as a result large sales of Indian cotton occurred. The general opinion in Japan seems to have been that with a continuation of the price parity existing at that time the purchases of Indian cotton would increase very materially this season and that the imports of American cotton would be correspondingly smaller.

During August cloth exports reached new record levels, the 208,000,000 square yards being 13,000,000 square yards or 7 per cent larger than July and 68,000,000 square yards or 48 per cent larger than in August 1931. Trade opinions are that a high volume of cloth exports will be maintained. Import demand from India for Japanese goods continues strong despite the high duties on cloth imports and the demand in the home market is said to have shown a marked improvement during August. Exports of yarn increased slightly during August.

China 2/

Chinese owned mills in China were operating at about normal rates at mid-October, but the Japanese mills continued to operate at only about 60 per cent of normal. It is now expected that the general demand for yarn in China during the 1932-33 season will probably be as good as or perhaps slightly better than in 1931-32, but the continued curtailment in the Japanese mills makes it uncertain whether total consumption of all cotton will be any greater than last season. Even with total consumption in China as large as in 1931-32 there is little doubt that the consumption of American cotton this season will be considerably less than last season since the supply of native cotton will be much larger this year. At present the Chinese crop is estimated at 40 to 47 per cent larger than the short crop of 1931-32. In the first part of October there was only a small amount of interest in American due to price differentials and it is said that American is being used this year only where it is especially necessary for the production of certain yarns. It is now felt that consumption of American cotton in China in 1932-33 will probably be 300,000 or 400,000 bales less than during last season.

Crop Acreages, Conditions and Prospects

The domestic cotton crop was officially forecast at 11,425,000 bales on October 8, based on conditions as of October 1. This represents an increase of 115,000 bales or 1 per cent above the September 1 forecast. The condition of the crop was reported at 54.2 per cent of normal compared

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1/ Based largely on a cabled report received October 3 from Vice Consul Schuler at Kobe, Japan, through the Bureau's Shanghai Office.

2/ Based largely on cable of October 14 from Agricultural Commissioner Dawson at Shanghai.

with 69.3 per cent on October 1, 1931, and a 10-year average condition (1921-1930) of 52.8 per cent. The average yield forecast was 149.3 pounds compared with the actual yield per acre in 1931 of 201.2 pounds. The indicated production was 5,671,000 bales or 33.2 per cent less than the production last year.

The second acreage estimate from India indicated that the area planted up to October 1 was 6 per cent less than at the same time last year. The estimate of 18,463,000 acres planted to that date is the smallest since 1923, and is 19 per cent less than the acreage planted up to October 1 in 1925, the year when Indian acreage reached its peak. With average yields the Indian crop might easily exceed that of 1931-32 by 800,000 to 1,000,000 bales of 478 pounds, due to the unusually low yields of last year. Members of the cotton trade at Bombay however, estimated the Indian crop at 4,200,000 to 4,600,000 bales of 478 pounds, according to Consul Callanan in a cable dated October 14. This compares with the Government estimate for last year of 3,400,000 bales.

The crop estimate of the Egyptian Government has been received since the last World Cotton Prospects was released and indicates a reduction in production about the same as in acreage. The estimate placed the crop at 869,000 bales of 478 pounds, which is 419,000 bales or 33 per cent less than last year. The acreage was estimated at 1,135,000 acres compared with 1,747,000 acres in 1931-32, a decrease of 35 per cent.

Reports on the Chinese crop continue to point to an increase of 40 to 47 per cent in production which means a crop slightly larger than in 1930-31.

The Russian crop may show some increase but the indications are that this season's production will not increase to any thing like the extent of some of the recent years.

In Mexico and Brazil the information received thus far indicates some decrease in production during 1932-33 as compared with 1931-32.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

U. S. DEPARTMENT OF AGRICULTURE

C-86 November 30, 1932

WORLD COTTON PROSPECTS

Summary

From the information now on hand as to crop prospects in the principal cotton producing countries of the world the Bureau of Agricultural Economics has estimated that the world production in 1932-33 will probably be around 23,400,000 bales of 478 pounds net. This preliminary figure is 4,100,000 bales or 15 per cent less than the 1931-32 estimate, 5,000,000 bales less than the record crop of 1926-27 and is the smallest since 1923-24. Due to a return to more normal yields in India and China the estimated foreign production is placed at 11,453,000 bales compared with 10,404,000 bales last year. The large decrease in United States production, however, accounts for the decrease in the total.

While sales of cotton textiles in the United States during October declined considerably and were much below cotton textile production, the supply of unfilled orders on hand at the end of the month was still considerably above the average for the past 2 years. Despite the reduced sales, cotton mill activity continued high in October as a result, no doubt, of the large orders which had accumulated in July and August. Total domestic cotton consumption amounted to 502,000 running bales in October, an increase of 11,000 bales over September, 224,000 bales or 80 per cent above July, and 41,000 bales or 9 per cent greater than October 1931. Cotton consumption during the first quarter of the 1932-33 season totaled 1,396,000 bales or an increase of 46,000 bales over the like period last season. In Europe cotton textile mill activity in October and early November continued at levels higher than a few months previous and textile sales held up fair-

ly well. Japanese mill activity and textile business during October maintained the high levels of recent months, which in both cases were very near record levels. A further decline in exchange rate of the yen has increased manufacturing profits and further encouraged foreign purchases of Japanese textiles. The situation in China continues mixed. In the Chinese owned section of the industry activity at mid-November was about normal as has been true for several months while the Japanese mills were running at about 60 per cent of normal. Japanese yarn, however, was underselling Chinese and stocks of Chinese yarn were increasing.

While prices of American cotton were fairly steady for the 6 weeks ended November 25 prices of Indian cotton (in Liverpool) have showed little change relatively even though the Indian crop which is now beginning to move is expected to be something like 800,000 bales larger than last year. The very short supplies of Indian cotton in Liverpool and Manchester evidently account for the continued strength of Indian. Relatively American and Indian cotton prices in Liverpool averaged about the same during November this year as in November 1931.

While October exports of American cotton were slightly less than during October last year the total for the first 3 months of the season was 411,000 bales or 23 per cent greater than during the first quarter of the 1931-32 season. Exports to the Orient were almost 300,000 bales less than during the like period last season while there were increases to France, Germany, and United Kingdom of 223,000, 204,000 and 159,000 bales respectively.

Prices

Cotton prices showed little net change from the middle of October to the latter part of November, and on the whole fluctuated less than for many months. On October 15 the average price of Middling 7/8 in the 10 spot markets was 6.30 cents per pound and on November 15 was 6.19 cents. Between these two dates the price varied only between 5.96 cents (on October 31) and 6.52 cents (November 11). Since November 15 prices have advanced

slightly, then gradually declined, so that on November 25 the average of those markets was 5.71 cents, a net decline from mid-October of 0.59 cents per pound.

Spot prices as compared with futures continued strong throughout the above period. During this time the average spot price in the 10 designated markets was from 0.05 to 0.12 cents per pound below the December futures contract at New York, whereas, a year earlier this spread ranged from 0.34 to 0.51 cents. During last August the spot price in the 10 markets was 0.28 to 0.34 cents per pound below the quotations for October the near month contracts.

The average price at Liverpool of three types of Indian cotton on the four Fridays in November was equal to 90.3 per cent of the average of American Middling and Low Middling, which compares with a percentage of 88.3 per cent in October and 88.6 per cent in September and 90.3 per cent in November 1931. This was the highest Indian has averaged relative to American in the Liverpool market since February and is somewhat surprising in view of the expected increase in Indian production during the present season. However, stocks of Indian cotton in Liverpool and Manchester in November were only about half as large as a year ago.

Stocks and Movement

Apparent supply in United States on November 1

The apparent supply of American cotton remaining in the United States on November 1 was approximately 17,974,000 bales compared with 20,064,000 bales, or a decrease of 10 per cent from a year earlier. On November 1, 1930 the apparent stocks of American cotton in the United States were 15,341,000 bales. During October the apparent supply in the United States decreased a little less than 1,000,000 bales although exports plus consumption amounted to practically 1,500,000 bales during the period. The condition of the crop on November 1, however, was such that the production was expected to be 522,000 bales larger than was indicated from conditions a month earlier.

Exports of American cotton

Total exports of American cotton from the United States in October amounted to 1,008,000 running bales which was slightly less than exports in October 1931, but showed a seasonal increase over September, according to data from the Department of Commerce. Germany and France, however, took less in October than in September. The United Kingdom, France, and Italy were three important countries taking larger amounts this October than last, while Germany, Japan, China, Spain, Belgium, Canada and some of the other countries took smaller amounts this October than in October 1931.

For the first 3 months this season the United States exported 2,194,000 compared with 1,783,000 bales during the same period last season or an increase of 23 per cent. Of this net increase of 411,000 bales, France, Germany, and United Kingdom have contributed increases of 223,000, 204,000 and 159,000 bales, respectively, while China and Japan have taken respectively 215,000 and 70,000 bales less during the first quarter of this season than during the like period of 1931-32. The decline in exports to China for the 3 months period amounted to 78 per cent, which is not unexpected in view of the unusually large takings by China last season, the large carry-over of American

cotton in China at the beginning of this season, and the more normal cotton crop in China. It is also expected that exports to Japan will show greater decreases in comparison with a year ago during the remainder of the season than during the first quarter. This expectation is based on the fact that stocks of American cotton in Japan at the beginning of the season were equal to several months consumption and the indications that Indian cotton production will be much larger than last season and therefore more normal amounts will be used in Japan.

Exports of Indian and Egyptian cotton

From August 1 to November 17 total exports of cotton from India amounted to 379,000 running bales compared with 533,000 bales during the similar period in 1931-32 and 938,000 bales in 1930-31 or a decrease of 28.9 per cent from last season and 59.6 per cent from the season before, according to data from the Commercial and Financial Chronicle. During the 5 weeks period ended November 17, exports to all countries from Indian totaled 130,000 bales compared with 129,000 bales a year earlier and 333,000 bales in the corresponding period of 1930. Receipts of Indian cotton at Bombay up to November 17 this season totaled 303,000 bales compared with 208,000 and 276,000 bales 1 and 2 years earlier. The increase in receipts over last year and the year before, however, took place earlier in the season, as during the 5 weeks from October 13 to November 17, receipts amounted to only 42,000 bales compared with 83,000 and 131,000 bales in the like periods of 1931 and 1930.

Egyptian cotton received at Alexandria from August 1 to November 16 amounted to about 240,000 running bales of approximately 750 pounds, compared with about 402,000 bales last year and 363,000 bales during the similar period in 1930. Exports of Egyptian cotton from August 1 to November 16 totaled 194,000 running bales or 29.2 per cent less than during the like period last year and 11.2 per cent less than to the same date in the 1930-31 season. For the 5 weeks period Egyptian exports were reported at 82,000 bales or 35.2 per cent less than from October 12 to November 16, last season.

Textile Situation

United States

The domestic cotton mills continued to operate at high levels during October, the sustained rate being maintained to fill the orders which accumulated during July, August, and early September. Sales during recent weeks have run considerably below production at least in certain phases of the industry. Unfilled orders at the end of October, however, were still considerably above the average for the past 2 years.

United States cotton consumption in October amounted to 502,000 running bales (counting round as half bales and foreign cotton in 500 pound bales) which was 11,000 bales above September and 41,000 bales or 9 per cent greater than in October last year, according to data from the Bureau of the Census. October consumption was 224,000 bales or 80 per cent above that of July and brought the total for the first quarter of the season to 1,396,000 bales, an increase of 46,000 bales over the first quarter of 1931-32. There were only 33,000 bales of foreign cotton used during the 3 months August-October this season which was about the same as a year earlier so that the above comparisons of total consumption essentially describe the developments in regard to American cotton.

In the cotton cloth section of the domestic industry there was a considerable increase in production during October while sales declined sharply giving a ratio of sales to production of only 59.1 per cent. Shipments also declined somewhat resulting in an increase of 4.1 per cent in stocks on hand and a decrease of 21.8 per cent in unfilled orders. The average rate of production per week during October was 63,277,000 yards, an increase of 11 per cent over September and was the highest for any month since April 1930, according to data released by the Association of Cotton Textile Merchants of New York. Sales declined from a weekly rate of 58,482,000 yards in September to 37,414,000 yards in October or 36 per cent but were still higher than last March and April. While stocks increased 6,547,000 yards or 4.1 per cent during October they were smaller than any month except September since comparable data became available in 1927 and were only slightly larger than October sales. Even though unfilled orders decreased almost 100,000,000 yards in October they were still equivalent to 5.5 weeks production even at the high level of activity maintained during October.

Great Britain

The English cotton textile industry was again under the distrubing influence of labor difficulties toward the end of October and during the first week of November. It was estimated that something like 200,000 men were on strike during that period and that the spinning section of the Manchester industry was completely stopped. As was expected, however, the stoppage did not last long and on November 11 cabled reports stated that the settlement, which had been made a few days before, had been accompanied by an increase in textile sales and inquiries.

The foreign demand for British cotton piece goods as measured by exports declined materially during October, the 138,400,000 square yards exported being 22 per cent below the September exports and slightly below those of October 1931. While exports of piece goods have declined each month since July, the movement during October was still 12,400,000 square yards or 10 per cent above the low level of November last year and for the first quarter of the season was 20 per cent above the first 3 months of 1931-32.

About the middle of November trade observers in Manchester and Liverpool reported that the cotton market was meeting with better trade demands and larger investment purchases accompanying the lower exchange rate and an improvement in the confidence in the general situation. Increased cloth inquiry with larger sales to India and freer buying for certain smaller markets were reported although demand from China was said to be disappointing. Sales of yarn were also reported as improved.

Continental Europe 1/

While no further improvement in the continental European textile industry was observed during the month of October, remarkable resistance to decline was shown both on the part of new business and mill activity, so that the increased levels of the previous month were fully maintained over

1/ Based largely on a report from Assistant Agricultural Commissioner Donald F. Christy at Berlin, Germany dated November 10, 1932 supplemented by cable November 14.

most of the Continent. Business in raw cotton continued to be disturbed by the adverse influences of declining prices, but the volume of new orders placed by the industry was fairly satisfactory and important price-fixing took place on the larger set-backs.

New sales of cotton yarn remained quite satisfactory in central Europe as well as in Italy and France. Weaver business was also reported of fair volume, stimulated mostly by wholesaler buying interest, but the retail trade shows considerable caution as a result of the failure of consumer demand to improve.

Cotton spinning and weaving mill activity on the Continent during the month of October, as far as could be concluded from reports available, in early November continued to show some rise over the previous month, with the pick-up again most pronounced in France.

Purchases of raw cotton on the part of continental cotton spinners were slow throughout October, mostly as a result of the declining raw cotton prices, but also due to the belief that quotations of "basis" will recede. Nevertheless, business attained a fairly satisfactory volume, and price-fixing orders were significant whenever raw quotations approached the 6 cents level. C.i.f. import buying of merchants remained small. Fairly active interest both on the part of the industry and the merchants was noted at times for exotic types of cotton, such as Peruvian and Argentine cotton on shipment.

In regard to previously reported agreements for the delivery of Egyptian cotton to continental countries, on credit or in exchange for industrial goods, it should be noted that the transaction of the Egyptian Government with Germany was carried out several weeks ago. This transaction, as previously described, includes the delivery of 15,000 bales of Egyptian cotton to a consortium of German import merchants, in exchange for deliveries of nitrogen from the German Nitrogen Syndicate to the Egyptian Government. Payment to the consortium of cotton merchants is made through the Dresdner Bank, Berlin, and out of this account the Nitrogen Synidcate is paid the value of its delivery of nitrogen to Egypt. It is further reported that the Egyptian Government is attempting to make similar deals with Holland and Belgium, for delivery either on credit or in exchange for industrial products. It is also stated that such transactions will be concluded at a very low price in order to give Egyptian cotton a favorable introduction into these countries. Holland, for instance, so far has not consumed any Egyptian cotton, and it is the Egyptian Governments' plan to acquaint Dutch spinners with this fiber.

International Cotton Congress, 1933

For the International Cotton Congress to be held in June, 1933, at Prague, it is planned to submit the draft of an agreement between the cotton textile industries of individual countries, notably European, which aims at a uniform regulation of the import tariff on cotton goods. The agreement between the Belgian and Polish cotton industries is to serve as a basis. According to this agreement the tariff on cotton yarn shall not exceed 4 per cent and on weavings 8 per cent ad valorem. This proposal is said to be opposed by the French cotton industry.

Germany

The cotton textile situation in Germany remained relatively satisfactory during October with new orders for both spinners and weavers maintaining the higher level reached in the 2 previous months, and mill activity increased.

The detailed spinner report for the month of September, 1932, now available, indicates that the influx of new orders was satisfactory despite the decline in the raw market, and that the calling on old contracts was also more active. Since September 12 - the date of expiration of the restriction agreement - spinning activity has increased slightly. However, the seasonal increase in mill activity of the 2-cylinder yarn spinners was less than expected. Buying interest for fine count yarn was better than during the previous month, but spinners' margins remained unsatisfactory as a result of the low prices quoted by foreign suppliers.

German cotton weavers reported for the month of September a certain hesitancy on the part of buyers in regard to new purchases, and attribute it to the price decline in the raw market, but the influx of new orders remained significantly above the levels of March to July this year. In September, the report says, there was little or no further increase in mill activity. The new orders were placed mainly by wholesalers, whereas the retail trade was reluctant to buy, as a result of the continued weak purchasing power of consumers.

The spinners and weavers report for October stated that business continued relatively satisfactory in both branches during October, although yarn sales were somewhat lower. Stocks of yarn, however, showed some decrease despite the increase in activity. The buying interest for 3-cylinder yarns is said to have been quite important, but for 2-cylinder yarns remained relatively small. Weaving mill activity is said to have continued quite satisfactorily considering the existing conditions.

In regard to buying interest for raw cotton on shipment, German cotton spinners were somewhat reluctant during the month of October as a result of the declining raw market, and for various other reasons, including the elections in Germany and the Presidential election in the United States. Price-fixing orders, however, were placed to a significant extent on important set-backs in the raw market. Current buying interest of the merchants for c.i.f. import purchases was very moderate, partly centering around spot Indian cotton and Peruvian and Argentine cotton on shipment.

In regard to the export business of the German cotton industry it is to be noted that severe complaints have been made about the agrarian contingenting policy of the German Government. Although the contingents have not as yet been established, and, in fact, may not be, the repeated announcements have seriously disturbed the foreign market for German goods, among which are certain kinds of German textile goods. It is pointed out by the industry that from now on they must depend on the home market more than ever.

Czechoslovakia

A recent meeting of the textile associations in Czechoslovakia has again shown the important difficulties that country is encountering because of the many restrictions on foreign trade, most of which have been established since the credit crisis in 1931. The Czechoslovakian cotton industry is dependent upon export outlets to such an extent that a large part of her production apparatus is superfluous if foreign trade relations remain interrupted as they are now. The situation is very unsatisfactory, and little seasonal improvement has been noted in spinning and weaving.

Austria

The Austrian cotton textile industry, notably the spinning section, was placed in a similarly difficult position, because normally this section also depends to a great extent on export business. Weaving mills are better off because of the many restrictions imposed on imports of cotton fabrics, which means a protection to the industry.

Little betterment was evident in September and October in the spinning and weaving sections as the continued basic decline in the consumption of finished goods has overshadowed any seasonal tendencies for improvement. Mill activity is said to have been even lower than in previous months.

The Austrian cotton industry is greatly dissatisfied by the present foreign trade policy, or general economic policy of the Austrian Government, which is strongly protective for agriculture and impairs the interests of export industries. The cotton industry recently demanded full import prohibitions for yarns and weavings, but was informed by the Government that no further import prohibitions are planned at the present time. Trade negotiations are under way with Germany, with the idea eventually to secure preferential tariff rates on imports into Germany of Austrian industrial and agricultural products.

It is estimated that cotton yarn exports from Austria will not exceed 2,000 tons or about 4,409,000 pounds in 1932, whereas they amounted to 3,500 tons (7,716,000 pounds) in 1931, and from 13,000 to 15,000 tons (28,660,000 to 33,069,000 pounds) in 1925 and 1926.

France

The cotton situation in France has greatly improved during recent months, and the situation continued satisfactory during October, although new business of spinners and weavers was somewhat disturbed by the influences of a declining raw market.

The sales of cotton yarn on the part of Lille and Roubaix spinners, while still good at the beginning of the month, were rather quiet around the middle of October and remained so up to the end of the month at least partially as a result of lower raw cotton quotations. The yarn prices obtained are claimed to have been unsatisfactory. More active yarn business was reported from Rouen and the Vosges. Mill activity is indicated to have further increased in October with mill stocks of cotton yarn continuing to decline, and unfilled orders assuring present levels of activity for several months ahead. New business of weavers remained fairly satisfactory throughout October, although export orders were small. Weaving mill activity is also believed to have increased during October.

Inquiry for raw cotton by French spinners was rather quiet during October, and it was indicated that, taking the present output of the mills as a basis, the requirements of the French industry are covered for several months ahead. Price-fixing proved quite active on declining cotton prices.

A recent report on the French cotton industry during the months of August and September, which supplies data to support the above statement, shows that a real improvement has taken place in recent months

in both the spinning and weaving sections. According to this report, 70 per cent of all cotton yarn spinners and 55 per cent of all twisting spinners are now occupied, as compared with only 60 per cent and 50 per cent respectively in June 1932. During the year 1931, however, the occupation of the two groups averaged 80 per cent and 75 per cent respectively. As a result of the return to the 48-hour week, the monthly outturn of cotton yarn per spindle is expected to show an increase to 3.7 pounds in September, as against 3.2 pounds in June of this year. Unfilled orders per spindle are now expected to amount to about 11.0 pounds as compared with only 10.1 pounds in June 1932. Cotton yarn stocks in spinning mills are said to be quite small, and do not appear to exceed 5.5 pounds per spindle, as compared with a figure of 6.6 pounds in June 1932. Similarly favorable are the statistics supplied for weaving mills, which in September occupied about 65 per cent of the looms in place, as compared with 60 per cent in June 1932. As a result of an increase in the average output per loom, the production of weaving mills since June has increased about 20 per cent. The output per loom was 439.6 yards in June, 460.4 yards in August, and 492.1 yards in September. Unfilled orders are expected to approximate 1640.4 yards per loom in September whereas they were only 1299.2 yards in June. Stocks of fabrics in weaving mills are indicated to be only 874.9 yards per loom, as compared with 966.8 in June this year.

Belgium

Some improvement in the situation of the Belgian cotton spinning and weaving mills has been reported recently. New sales by spinners and weavers have increased and mill activity is also indicated to be better than in previous months. No improvement, however, is noticeable in the situation of the fine spinning mills. The sale of winter goods by weaving mills is also still unsatisfactory, and exports continue very difficult.

Italy

A satisfactory amount of sales of cotton yarn and cotton fabrics, at unsatisfactory margins, however, is the outstanding feature of reports from Italy for the month of October. As a result of this improvement in new business, mill activity has also increased and almost reached the levels attained at the same time last year according to reports. Spinner buying of raw cotton, both spot and c.i.f. remained fair, and price fixings were important on price declines.

Yarn stocks in cotton spinning mills are indicated to have remained about unchanged in recent months, and are lower than they were at the same time last year. New sales of cotton yarn continued to outrun production and are favorable indications for future developments. The same is true of unfilled yarn orders, which have increased in recent weeks, although they are not yet up to the favorable levels observed at the beginning of the year.

Russia

September output of the cotton textile industry showed a seasonal increase over the summer months, with both finished goods and yarn production having increased by 15 and 14 per cent respectively as compared with August. However, the volume of actual production lagged behind that foreseen by the monthly plan, the plan being only 89.5 per cent completed in the case of

cotton fabrics, and only 78 per cent in the case of yarn. The slow shipment of cotton to the industrial enterprises appears to be largely responsible for this development. Total production of cotton fabrics amounted to 209,627,000 yards, while yarn output amounted to 52,862,000 pounds compared with 182,573,000 yards and 46,279,000 pounds respectively, in August.

Japan 1/

In early October the parity of American and Indian prices in Japan improved still further in favor of Indian cotton and mills are reported to have made heavy purchases. For the remainder of October the parity was not so favorable for Indian but spinners made some further purchases. During the third week of October Japanese mill owners bought about 150,000 bales of cotton most of which was American due in part to the feeling that the yen exchange would decline still further and in part to the continued heavy exports of piece goods. During the first quarter of the present season mills in Japan are said to have purchased 600,000 bales of American cotton and 250,000 bales of Indian.

Yarn production during October amounted to 230,000 bales of approximately 400 pounds which is about the same as for the previous 3 months and about 6,000 bales above October 1931. At the end of October spinners were said to have been making a good profit due to the speculative demand as well as a good export demand. This and the fact that the production of many types of cloth has been sold out until February, indicates that mill activity is likely to continue high for some time. Piece goods exports in September remained near the record levels reached in August and were 70,000,000 square yards or 54 per cent larger than in September 1931. While the data on exports during October have not been received, there seems little doubt that they remained very high.

China 2/

At mid-November the Chinese section of the cotton industry in China was operating at about normal levels while the Japanese section was running something like 40 per cent below normal. This is about the same rate as for the previous past 2 or 3 months. In November 1931 both the Chinese and Japanese sections were operating at normal rates. It is thought, however, that large proportions of American cotton are still being used since the new crop Chinese cotton up to mid-November had been removing to market very slowly, due in part, it is said, to the price decline and the uncertainty about the future movement of American cotton prices.

Japanese yarn has been underselling Chinese yarn to a considerable extent which has resulted in increasing stocks of Chinese yarn. The low purchasing power of consumers and the difficulties in financing sales to merchants have been the cause of the dull demand for yarn coming from the interior of China.

1/ Based largely on a radiogram received through the Shanghai office of Bureau of Agricultural Economics on November 2 from Consul Donovan at Kobe, Japan, supplemented by data received November 14.
2/ Based largely on a radiogram from Agricultural Commissioner Dawson at Shanghai on November 14.

The piece goods market has been weak and clearances of cotton goods have been slow during recent weeks, according to reports. Part of this is said to have been due to the low priced Japanese goods put on the market in China. With replacement costs in many lines running above current market values and with stocks fairly large, dealers hesitate to make future commitments. Dealers report that it is very difficult to sell any foreign piece goods other than Japanese and that is likely to be the future condition in regard to the Manchurian market.

Production, Acreage and Crop Conditions

World production and acreage, 1932-33

The 1932-33 world production is now preliminarily estimated at 23,400,000 bales of 478 pounds by the Bureau of Agricultural Economics which is 4,100,000 bales or 14.9 per cent less than the estimate of the 1931-32 production. As compared with the peak production of 1926-27 the present crop is now expected to be 5,000,000 bales or 17.6 per cent less. The estimated world production has not been less than 24,000,000 bales since 1923-24 when the total crop was estimated at 19,700,000 bales. As may be seen from the accompanying table the decrease this year in domestic production is greater than the total decrease, since a return to more normal yields in India and China is expected to result in a total increase in these two important producing countries of about 1,400,000 bales. Some increase is expected in Russian production this year also. Indicated production in Egypt, Mexico and Brazil account for a decrease of about 553,000 bales. Total foreign production, therefore, is estimated at 11,453,000 bales compared with 10,404,000 bales in 1931-32.

The estimated world acreage for the 1932-33 season has been placed at 77,100,000 acres, compared with 82,400,000 acres in 1931-32 or a decrease of 6.4 per cent. The smaller decrease in acreage than in production is due principally to the decreased yields in the United States which, according to the November estimate has brought a 30.1 per cent reduction in production despite the fact that acreage decreased only 10 per cent. Increased yields in India and China tend to offset this to some extent, however.

United States

The November production estimate indicated a crop 522,000 bales larger than the October estimate, but should the crop prove to be 11,947,000 bales as estimated it would still be 5,149,000 bales smaller than in 1931-32. Most of the increase over October was in States west of the Mississippi river, although the forecast for all major States except Mississippi was larger in November than in October.

The average yield for the United States forecast as of November 1 was 156.2 pounds per acre compared with 201.2 pounds in 1931 and a 10-year average yield (1921-1930) of 151.4 pounds.

The indications are now that the Texas crop will be about 1,095,000 bales less this year than last or a decrease of 21 per cent. Georgia's production is now estimated at 42 per cent less than last year, Alabama and Arkansas at 39 per cent less, Mississippi 38 per cent less, Louisiana 36, South Carolina 35, North Carolina 24 and Oklahoma 21 per cent less.

Table 1.- Acreage and production in countries reporting for 1932-33 with comparisons

Country	1929-30	1930-31	1931-32	1932-33	Percentage 1932-33 is of 1931-32
Acreage	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Per cent
United States	45,793	45,091	40,693	36,611	90.0
India 1/	20,812	20,506	19,654	18,466	94.0
China 2/	5,133	5,228	4,800	5,300	110.4
Russia	2,608	3,911	5,346	5,400 to 5,800	101.0 to 108.5
Egypt	1,911	2,162	1,747	1,135	65.0
Uganda	663	740	863	3/ 1,045	120.7
Anglo-Egyptian Sudan	369	387	336	330	98.2
Mexico	492	390	319	188	58.9
Greece	50	50	46	49	106.5
Bulgaria	14	14	13	30	230.8
Syria & Lebanon	60	60	75	25	33.3
Spain	24	45	14	20	142.9
Total above countries	77,929	78,584	73,909	68,599 to 68,999	-
Estimated world total incl. China	87,700	86,700	82,400	77,100	93.6
Production	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	Per cent
United States	14,828	13,932	17,096	11,947	69.9
India	4,289	4,372	3,401	3/ 4,200	123.5
China 2/	2,116	2,250	1,700	2,300	135.3
Russia	1,279	1,589	1,851	1,900 to 2,000	102.6 to 108.0
Egypt	1,768	1,715	1,288	869	67.5
Brazil 4/	435	341	383	4/ 364	95.0
Uganda	108	158	163	3/ 250	153.4
Mexico	246	178	210	95	45.2
Bulgaria	4	4	5	11	220.0
Spain	5	7	3	4	133.3
Total above countries	25,078	24,546	26,100	21,940 to 22,040	
Estimated world total incl. China	26,500	25,800	27,500	23,400	85.1

Official sources, International Institute of Agriculture and Bureau of Agricultural Economics except as noted.

1/ Second estimate which includes only area planted up to October 1.

2/ Estimates of the Chinese Millowners' Association for 1929-30. From 1930-31 to date the estimates of the Chinese Millowners' Association have been adjusted to make them comparable with estimates for previous years.

3/ From an unofficial source.

4/ Nine Northern States which during the 3 years 1929-30 to 1931-32 produced 72 per cent of the total Brazilian crop.

China 1/

The Chinese cotton crop prospects about mid-November were reported as less favorable than a few weeks previous so that an estimate of 2,300,000 bales is now being used compared with a previous figure of 2,500,000 bales. This is 600,000 bales or 35 per cent larger than the short crop of 1931-32 but only slightly larger than in 1930-31. The principal increase is expected in the Yangzte valley where the crop was greatly reduced by bad weather conditions and the flood last year. The acreage in the Yangtze valley, however, is said to be still below former years. In sections of North China, including Lingpao, where good staple cotton is produced, the crop is estimated at 10 or 15 per cent below last year and is also poorer in quality.

India

The second official Indian cotton acreage estimate which includes the area planted up to October 1 indicates a 6 per cent decrease in acreage this year, but with anything like normal yields, the Indian crop will be much larger than last year. On the basis of past yields, the indicated acreage, reports on growing conditions, and private estimates, the Bureau of Agricultural Economics has made a preliminary estimate of production which will be used until the estimate of the Indian Government is received about December 15. This Bureau's estimate is placed at 4,200,000 bales of 478 pounds which is 800,000 bales larger than the official estimate of the total 1931-32 crop. Should the crop prove to be about 4,200,000 bales it would still be the smallest with the exception of last year since 1926-27.

Russia

The earlier maturing of this year's cotton crop and favorable picking weather caused rapid development of procurings in September and resulted in a considerable over-execution of the monthly plan. However, developments during October, the most important cotton procuring month, were less satisfactory, with the result that total procurings to October 20 amounted to only 39.7 per cent of the yearly plan, whereas about 62 per cent were to have been procured by November 1. According to this, the rate of procurings is little, if any better than last year, although data does not permit an exact comparison. The absolute quantity of cotton reported procured by the middle of October amounted to 480,300 tons of unginned cotton, equivalent to something like 675,000 to 775,000 bales of ginned cotton depending on the percentage of lint.

It appears that this year's cotton procuring plan of unginned cotton is fixed by the Government at 1,450,000 tons. As practically the whole cotton crop finally flows into Government procuring channels, this figure serves to indicate Government expectation of this year's cotton outturn, which would consequently range from 2,000,000 to 2,200,000 bales of 478 pounds of ginned cotton, depending upon the ginning outturn. It should be noted, however, that as it is not known at what time of the season this plan was decided upon, it is difficult to judge its correctness. It should be recalled that the procuring plan usually exceeds the crop outturn. It is still felt, therefore, that

1/ Based largely on information cabled by Agricultural Commissioner Dawson November 14, 1932.

an estimate of 1,900,000 to 2,000,000 bales is as satisfactory as can be obtained at this time. Earlier completion of sowings is reported to have resulted in improved quality of this year's raw cotton.

Numerous reports indicate considerable losses at the time of cotton picking and transportation. While some of the cotton is reported to have been picked unripe, apparently in a desire to speed up procurings, cases of shedding are also mentioned because of delayed picking. Furthermore, considerable losses are reported to have occurred during the transportation to the ginning mills and procuring points, with cotton apparently being frequently spilled on the way and stored or transported uncovered, thus suffering damage.

Despite the favorable development of cotton procurings in September, the plan of cotton fiber shipments to the textile enterprises could not be fulfilled, with only 12 per cent of the plan reported executed in September. The number of railroad cars placed at the disposal of the cotton organizations has apparently been sufficient and has been largely responsible for the unfavorable progress of deliveries. Transportation is known to be one of the weakest points of Soviet economy and has been characterized as such by the Soviet authorities. At the same time, it should be remembered that the growing importance of cotton in the mid-asiatic republics necessitates increased transportation facilities both to bring the cotton fiber to the manufacturing center and, in return, to supply the cotton producers with wheat and textile fabrics.

Egypt

The Bureau of Agricultural Economics will continue to use the Egyptian Government's preliminary production estimate of 869,000 bales of 478 pounds until their next estimate is released in early December. This estimate is 419,000 bales or 33 per cent less than the estimate of the 1931-32 crop and 899,000 bales or 51 per cent less than the record crop of 1929-30. Not since 1921-22 has the Egyptian crop dropped below 1,261,000 bales. In that season the crop was estimated at 902,000 bales.

Ginning in Egypt from September 1 to the first of November totaled 304,000 bales of 478 pounds, including scarto or low grade cotton compared with 394,000 bales ginned to the same date last season, or a decrease of 23 per cent. It may be seen therefore, that if the estimates of the two crops are correct the present crop is being ginned more rapidly than last year. It may mean, however, that the next estimate of production will be higher.

In looking forward to the acreage to be planted in Egypt in 1933-34 it is significant to note that the acreage restriction law which was largely responsible for the small acreage this crop year has been virtually removed. The new decree restricts the acreage to be planted in Sakellaridis to 40 per cent of cultivated land belonging to each proprietor whereas, the acreage this season was restricted to 30 per cent. The restriction on other varieties was raised from 25 per cent to 50 per cent. Thus the area permitted to be planted to Sakellaridis has been increased by one-third and that of other varieties doubled. With the system of crop rotation practiced in Egypt it is said that the new law is essentially non-restricting for it will permit producers to plant all the cotton they desire.

Anglo-Egyptian Sudan

The first official cotton acreage estimate for the Sudan was received through Cotton Specialist P.K.Norris at Cairo on November 21 which placed the 1932-33 area at 330,000 acres. This is a decrease of only 2 per cent from the 336,000 acres in cotton last season. The principal decrease occurred in the rain grown regions of the Sudan where the acreage is estimated at 42,000 acres against 62,000 last season. The total Sakellaridis acreage was reported at 277,000 acres compared with 283,000 acres in 1931-32.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-87 December 29, 1932

WORLD COTTON PROSPECTS

Summary

The total world cotton production during the 1932-33 season is now estimated at 24,000,000 bales of 478 pounds which is 200,000 bales less than the estimate released on December 8 but 600,000 bales more than the estimate released in the November issue of this report. The 200,000 bale decrease since December 8 was brought about by a reduction in the estimate of the Indian crop. The increase in the present estimate over the November estimate was caused by the increase of almost 800,000 bales in the estimate of the crop in the United States. The world figure of 24,000,000 bales is still 3,500,000 bales less than the estimate of the 1931-32 crop and is the smallest since 1927-28. It is 2,100,000 bales less than the 5-year average production from 1927-28 to 1931-32, about 1,100,000 bales less than the 5-year average disappearance, and slightly less than disappearance during 1931-32. The estimate of foreign production now stands at about 11,300,000 bales which is 900,000 bales more than in 1931-32, but about 600,000 bales less than in 1930-31.

Cotton textile mill activity in the United States and most of the important foreign countries during November was apparently maintained at the improved levels reached a few months earlier. Many countries, however, have had some difficulty in disposing of their output or in maintaining their unfilled orders. Cotton consumption in the United States during November was slightly larger than in October, and was the largest for any month for more than a year and a half, but sales of textiles were again considerably below production. The French industry is reported to be in an unusually good situation, with their production for

least 2 months (at November rates) already sold. In China the Japanese section of the cotton textile industry increased activity from about 60 per cent of normal to 85 per cent from mid-November to mid-December, although the Chinese section decreased activity about 5 per cent. The industry in Japan during November was said to have been in good condition with spinners making good profits, and the continued large foreign demand for piece goods enabled weavers to maintain their high rate of activity.

Exports of American cotton during November continued rather high, although they were less than in November last year, and brought the total for the first 4 months of the season to 3,206,000 bales or 12 per cent above the same period of 1931. The greatest increases this season have been in exports to France, United Kingdom, and Germany, while the greatest decrease has been in shipments to China. Total exports of Indian and Egyptian cotton continue to run below last season, although the Continent has taken larger amounts of Indian and about the same amount of Egyptian as during the same period of the 1931-32 season.

Prices

Spots

Cotton prices in the 10 markets advanced from 5.90 cents per pound to 6.32 cents during the first 11 days of November, although by December 5 Middling 7/8 in these markets had declined to 5.45 cents. This was a new low for the current season, but was still 0.69 cents above the low point reached on last June 9. From December 5 to December 19 the trend of prices was slightly upward with prices averaging 5.87 cents on the latter date, or almost one-half cent per pound above the December 5 price.

Spot prices in Liverpool during recent weeks have been influenced by the fluctuations of the British exchange rate. We find, therefore, that the differences between the prices of American Middling in Liverpool (converted to cents per pound) and the 10 spot markets have fluctuated rather widely. The price parity between American and Indian in Liverpool continued relatively stable. In Bremen, American cotton became very cheap relative to Indian and Egyptian for a short period in November, but by December had advanced somewhat relatively.

Stocks and Movement

The apparent supply of American cotton in United States

The apparent supply of American cotton remaining in the United States on December 1 was 17,250,000 bales, based on the December 1 production estimate, which placed the American crop at 12,727,000 bales. This plus the carry-over in the United States on August 1 of 9,585,000 bales gives a total supply for the season of 22,312,000 bales but the 1,856,000 bales consumed in the United States and the 3,206,000 bales exported during the first 4 months of the season leaves the above amount in the United States on December 1.

The apparent supply in the United States on December 1 a year ago was 18,590,000 bales or 8 per cent larger than this year's figure. The large supply last year was due mainly to the large crop although disappearance (exports and domestic consumption) during the first 4 months of last season was slightly less than during the same period this season. This season's supply is unusually large due to record carry-over at the beginning of the season.

Exports of American cotton

Domestic exports during November continued rather high, the 1,012,000 bales exported, although less than in November last year, were about 105,000 bales larger than in November, 1930 and brought the total for the first 4 months of the season to 3,206,000 bales, or about 12 per cent above the like period of last season. These export data which come from the Bureau of the Census show that the Orient continued to take smaller amounts during November than a year ago, but it should be remembered that the Orient took record amounts last season due in part to the short Indian and Chinese crops. Therefore, in view of the large stocks of American cotton in the Orient at the beginning of the season and the increase in Indian and Chinese production, American exports to the Orient have been suprisingly well maintained. Exports to Japan alone were larger in November this year than a year ago, and for the first 4 months this season were only 43,000 bales less than during the corresponding period in 1931, but although exports to Japan were large all last season the peak was not reached until December, January and February somewhat later than usual. Exports to France have shown by far the greatest increase over last season, but here we have just the opposite situation from that in respect to the Orient, namely, that the exports to France during the first half of last season were the lowest for many years. From August 1 to November 30, this season, shipments of American cotton to France totaled 412,000 bales, compared with 106,000 bales during the same period last season, or an increase of 290 per cent. Germany and Great Britain are important countries which have also taken considerably larger amounts this season.

Exports of Indian and Egyptian cotton

Exports of Indian cotton during the 5 weeks ended December 8 totaled 107,000 bales which, although 18 per cent less than during the like period last season, was a relative increase as compared with the early part of the

season, according to data from the Commercial and Financial Chronicle. For the season August 1 to December 8 total exports amounted to 427,000 bales or only 70 per cent as large as during the same period last season. Exports to the Continent both for the 5 weeks and for the first 4 and a quarter months were larger than during the like period last season, but to other countries, particularly Japan and China they were much smaller.

Exports of Egyptian cotton to all countries from August 1 to December 7 totaled 257,000 running bales of about 750 pounds compared with 367,000 bales during the like period last season and 306,000 bales in the 1930-31 season. During the 5 weeks ended December 7 total exports amounted to 101,000 bales, which was 28 per cent less than a year earlier. The greatest decrease was in exports to Great Britain, the Continent and India taking almost as much as a year ago, and America a slightly larger amount.

Textile Situation

United States

Cotton textile mills continued to operate at high levels during November with total cotton consumption the largest for any month since April 1931, although sales of the manufactured products were again less than output. The high rate of activity has been maintained on the basis of the large orders received early in the fall. The 504,000 bales consumed in domestic mills during November compares with 502,000 during October, and 425,000 bales during November 1931, and 415,000 bales in November 1930, according to data from the Bureau of the Census. This brought the total consumption for the 4 months ended November 30 to 1,900,000 bales, an increase of 124,000 bales or 7 per cent over the same period last season, and 295,000 bales or 18 per cent over the first 4 months of 1930-31.

Production of carded cotton cloth during November averaged 62,264,000 yards per week compared with 63,277,000 yards in October, 57,862,000 yards in November a year ago, and 51,658,000 yards in November 1930, according to the data released by the Association of Cotton Textile Merchants of New York. Sales of cloth, however, averaged only 51,250,000 yards per week during November this year, which is equivalent to 82.3 per cent of production and compares with a weekly sales rate during November, 1931 of 56,052,000 yards. Shipments of cloth in November were maintained at levels much above sales and unfilled orders again decreased, but at the end of the month were still 97 per cent above the low point reached at the end of last June. While stocks of cloth increased during the month, they were 27 per cent less than at the end of November, 1931, and were the smallest for the month of November since these cloth data became available in 1927.

Great Britain

English cotton textile mill activity made considerable improvement following the settlement of the labor difficulties early in November which reduced activity to a very low level for a short period in late October, and the first few days of November. The spinning section of the industry was almost completely stopped at that time and that is said to have materially affected sales of cotton yarn and other textiles for a time. Spinners' takings of raw cotton dropped sharply during that period, but by the

last 2 weeks of November reached the highest levels since last May.

Exports of cotton piece goods from Great Britain, which declined sharply to a low level in October increased 20,800,000 square yards to 159,200,000 square yards in November, which was 26 per cent above November last year and 22 per cent above the same month in 1930.

Continental Europe 1/

The improvement registered in the continental cotton textile situation during September and October was fairly well maintained during November. New sales of cotton yarn and cotton cloth over most of the Continent were of considerable volume, and mill activity, especially in western Europe, showed further increases. This upturn, however, is not yet consolidated by a comparable improvement in consumer purchases, except in France, where there has been a gradual revival of retail buying. A portion of the improvement is attributed to the fact that production had previously fallen below current consumption, so that the replenishing of supplies became necessary.

Sales of cotton yarn by continental cotton spinners were considerable during November, particularly during the first half, the movement being most pronounced in France, where the volume of unfilled orders is very satisfactory. Sales of cotton cloth on the part of weavers were also reported to be fairly good in most important European countries, but business was not quite so active as in the case of cotton yarn. So far as can be judged by current trade reports, mill activity in both the spinning and weaving sections has further increased, and it was reported that French cotton spinners have, in many instances, introduced a double shift.

Purchases of raw cotton by continental spinning mills were somewhat restricted during November compared to the previous 2 months, as the continued downward trend in raw cotton prices has produced a hesitant attitude on the part of buyers. In addition, previous acquisitions by spinners are believed to be sufficient for some time ahead. Significant new purchases are likely to be influenced by the degree of steadiness of the raw market. Price-fixing was also rather slow, but the volume was generally important upon setbacks in cotton prices. C.i.f. import buying and spot turnover in continental cotton markets were quiet, and generally restricted to bargain lots.

Germany

The cotton textile situation in Germany continued satisfactory during November, and new orders obtained by both spinners and weavers were maintained at the level reached during the previous 2 months.

The spinner report for the month of October, 1932, is now available and indicates that a decline in raw cotton prices reduced the sales of cotton yarn by German cotton spinners in parts of the Rhineland. The same

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1/ Based largely on a report from Assistant Agricultural Commissioner Donald F. Christy at Berlin, Germany prepared December 7, 1932 and supplemented by cable December 15, 1932.

was generally true in Saxony, although a certain seasonal revival was evident there. In Westphalia and southern Germany, on the other hand, some increase in cotton yarn sales was reported. A further reduction in cotton yarn stocks with spinners resulted from the active calling of old contracts.

Fine spinners are still handicapped by the low prices asked by British suppliers, who increased their offers of fine cotton yarns on the Continent, and especially in Germany, as a result of the Lancashire weavers' strike. The substantial upturn in the mill activity of cotton spinners was followed by a further slight increase in October. Activity in per cent of the 1928 monthly average was about 92 per cent in September, as compared to about 80 in the previous month, and about 90 in September a year ago.

The October report of the German cotton weavers indicated that weaving establishments were fairly active, being well supplied with new orders. Early in October wholesalers' buying interest was still at the high level attained in September, but later declined as a result of the weakness in the raw market. Export business was very difficult, particularly to Holland and the Scandinavian countries, where German textile interests have suffered as a result of the protest against the proposed contingenting of agricultural products by Germany. Exports to these countries now consist largely of specialties.

Spinner and weaver reports for the month of November indicate that business in cotton yarn and cotton cloth continued satisfactory, though somewhat reduced as compared to September and October.

Purchases of raw cotton by German cotton spinners were rather restricted during November. Uncertainty regarding the results of the German elections was the contributing factor during the first part of the month, and, later, the weakness of cotton prices prevented the development of a significant buying movement. Spinners' interest was slightly better at the beginning of December, particularly for new arrivals and for deliveries during the first Quarter of 1933. Price-fixing orders were rather limited.

Czechoslovakia

New business of cotton spinning and weaving mills has remained within very narrow limits, in fact, the weaving mills have recently complained of reduced business. Exports of both yarn and cloth were very small particularly during July and August as a result of the many hindrances to foreign trade in the form of tariff and currency barriers. However, a substantial increase has occurred in the exports of both yarn and cloth since that time. Exports of yarn increased from 1,446,000 pounds in August to 2,654,000 pounds in October and fabrics from 1,305,000 pounds in July to 2,654,000 pounds in October.

The newly-formed spinner cartel has maintained a price policy in favor of a slight expansion of spinner margins, but this has resulted in complaints on the part of weaving mills who hold that their competitive strength on world markets is thereby greatly imparied. The formation of a weaver cartel appears to depend upon a guarantee of stable yarn prices by the spinner cartel.

Austria

There has been little change in the very unsatisfactory situation of the Austrian cotton industry. Spinning mills are greatly handicapped by the severe decline in export possibilities. It was stated that during November about one-half of all Austrian spindles were idle, and that the remaining spindles worked at only about 50 per cent capacity. On the basis of the available mill activity figures this statement seems exaggerated, but there is no doubt that the situation is very bad. The weaving mills are also having difficulties and one-third of the plants are reported to be idle. These difficulties are surprising, as the capacity of the Austrian weaving mills is not sufficient to cover domestic requirements, considerable imports of finished fabrics generally being required to fill the current needs of consumption.

France

The cotton textile situation in France during the month of November continued very satisfactory, with business in yarns and cloth remaining on high levels and mill activity rising further. Roubaix even reported a scarcity of skilled labor, as is usual in that district during times of good textile activity.

Not only northern France, but Normandy and other important cotton textile districts experienced a further revival in the buying interest for cotton yarn. As a result, mill activity has further increased, and some of the mills are organizing second shifts. The complaints of the marked scarcity of skilled labor is undoubtedly due to the prolonged period of high unemployment in these districts resulting in the movement of skilled labor to other districts.

Weaving mills reported a good volume of new sales of fabrics to wholesalers and an increased export interest on the part of competent merchants. Reports issued toward the end of November indicate that the weaving establishments are supplied with unfilled orders sufficient to last well into March, and even later, so that, although new business is only moderate, there is reason to believe that a good rate of mill activity will be maintained during the next few months.

All these developments have contributed to make the situation in the French cotton textile industry more hopeful than for some time past. French observers claim that the upturn may continue and that the tendencies evident in ultimate consumption will support the movement in wholesale trade and production. Such tendencies are apparent, but it still remains doubtful that the improvement in the cotton textile industry in France can continue for any length of time at present levels unless there is a corresponding improvement in general business conditions.

Cotton spinner buying interest for raw cotton during the month of November was fairly satisfactory but quiet, and price-fixing was slow, although an increase in activity was noted toward the end of the month. Spinners seem to be covered for the next few weeks, which indicates that caution in the raw market may continue for some time to come.

Italy

November sales of cotton yarn and cotton cloth by the Italian mills have remained on the satisfactory levels reported for October, with export sales of yarn somewhat above, but exports of fabrics below those of a year ago. Spinner and weaver margins are still considered unsatisfactory.

Spinner buying interest for raw cotton was of fair volume, centering around spot and near c.i.f. cotton, but price-fixing was slow.

Scattered statistical information on new developments and reports from trade observers indicate that mill consumption of raw cotton in Italy is some 10 per cent above the same time last year, with yarn sales recently considerably in excess of the output of the mills, and cotton yarn stocks further declining. It is reported that unfilled orders in spinning mills have increased slightly for several weeks and in early December were somewhat above last year.

Holland

According to the latest International Federation report, conditions in the spinning section did not improve during the third quarter of 1932. Most of the mills were working short time, as the demand for yarn, as well as spinner margins, continued unsatisfactory.

The situation in the weaving section was also reported to have been very poor from July to September. The large export mills received but few export orders and, in addition, faced severe competition on the home market, so that a large number of looms were stopped.

Around the middle of November, the situation of the Enschede textile industry was reported quite critical, as a result of the limited possibilities on export markets, and in a petition to the Government the industry asked for drastic contingents on imports, so that the domestic market might be reserved for domestic producers.

Belgium

The report for the third quarter made by the Belgian textile industry to the International Federation indicates that the sales of cotton yarn were larger and that spinners' working hours increased. The actual running time of spindles was about 65 to 70 per cent of normal capacity, while the activity of weaving mills cannot be definitely determined.

Switzerland

The Swiss industry reported to the International Federation that during the third quarter of 1932 they had been laboring under the greatest difficulties in regard to exports. Orders on the books were not sufficient to keep fully occupied even the small number of workers still employed. A small increase in new orders for the mills resulted from the upward movement of raw cotton prices early in September, but the report states, this movement was short-lived.

Poland

A recent report from Poland indicated that the official Export Institute is making efforts to establish a new export association for the whole textile industry, which will have the supervision of the distribution of export premiums and the collection of information on business possibilities and general economic conditions in the principal export market.

Russia

The usual information on the production of cotton textiles for October has not yet appeared in the Soviet Press, but based on daily production estimates and comparisons with previous months, the total output of finished goods is estimated to have been between 202,000,000 and 213,000,000 yards. The average daily production of finished fabrics was below September levels, but about 7.1 per cent above October production last year. The October plan is reported to have been only 87.5 per cent completed.

The November output is expected to be below previous months, as a result of the smaller number of working days (holidays celebrating the anniversary of the Russian October revolution).

Production of finished fabrics during the first 10 days of November amounted to only 51,711,000 yards but during the second 10 days rose to 66,731,000 yards. Production of yarn amounted to 33,697,000 pounds during the first 20 days of November.

Recent foreign reports indicate that the Soviet buying agent in Egypt (Rufftorg) closed his office in Alexandria on October 22. This has been attributed to the successful efforts of the Union to produce its own requirements of Egyptian type cotton, but the scarcity of foreign currency may also have played some part. The acreage of Egyptian type cotton grown in the U.S.S.R. rose from about 7,400 acres in 1930 to 148,300 acres in 1932.

Japan 1/

At the beginning of November the general situation in the Japanese cotton industry was said to have been good. Spinners were making good profits on their yarn and the weavers continued to operate at high levels due to the continuation of the large demand for Japanese piece goods. Cloth exports continued at levels much above previous years. Reports indicate that the Japanese efforts to develop the Manchurian market for piece goods were meeting with considerable success and that takings by that market during October were particularly good.

Mill purchases of American cotton were very heavy during the last half of October and the early part of November according to reports, and this seems to be reflected in exports from the United States to Japan during November, the 273,000 bales being 74,000 bales or 37 per cent more than in October, 27,000 bales, or 11 per cent greater than a year earlier, and the largest on record for that month. Mill purchases of American cotton are said to have declined considerably during the latter part of November.

1/ Based largely on information received from Vice Consul Schulters at Kobe early in December.

At the beginning of December prices of American cotton in Japan were somewhat cheaper relative to Indian cotton than a month earlier. Yarn prices continued to advance with the decline in the yen exchange, which accounts for the good profits being made on yarn by spinners.

China 1/

The Japanese section of the cotton textile industry in China increased its activity materially from mid-November to mid-December. The Japanese mills in Shanghai were operating at about 85 per cent of normal during the first part of December, whereas a month earlier it was estimated that activity was only 60 per cent of normal. The Chinese section on the other hand is said to have reduced activity from about normal to about 95 per cent of normal during the period. The Japanese section of the industry usually consumes larger proportions of American cotton than does the Chinese section.

The piece goods market was still weak toward the middle of December with only a small amount of business being done and little improvement expected until after the Chinese New Year in early February. The yarn market during the month ended mid-December was dull due to poor demand, tight money, and the competition of cheaper yarns from Japan. About the 12th and 13th of December, however, Chinese yarn advanced slightly which was said to be due to small arrivals of native cotton and increased sales to Szechuan. This advance was the first improvement in the yarn market witnessed in many weeks, and took place despite the increase in yarn stocks which occurred. The Japanese mills in Shanghai reduced their yarn stocks but not enough to offset the increase in stocks of the Chinese mills.

Stocks of American cotton in China are being reduced, and at the end of November wharf warehouse stocks in Shanghai totaled 102,000 bales, or 46 per cent less than on August 1. While the mills in Shanghai have been showing little interest in American cotton, or Indian cotton, so far this season, it is believed that they will begin buying in January or February. The small interest in American cotton is shown by the small amount of exports from the United States to China. During the first 4 months of this season total shipments of American cotton to China amounted to only 84,000 bales compared with 454,000 bales during the like period last season, or a decrease of 82 per cent.

Production, Acreage and Crop Conditions

World

Foreign production now provisionally estimated at about 11,300,000 bales of 478 pounds, and the United States crop estimated at 12,727,000 bales gives a world total of 24,000,000 bales. Although the estimate of foreign production is 900,000 bales larger than the estimate of last season, the world figure is 3,500,000 bales less than that for last season and is the smallest world estimate since 1927-28. The present estimate of the total crop of all countries is 2,100,000 bales less than the 5-year average production from 1927-28 to 1931-32, 1,100,000 bales less than the 5-year average

1/ Based largely on information received from Agricultural Commissioner Dawson by radiogram on December 14.

disappearance, and slightly less than disappearance last season. The increase in the estimate of foreign production this season is due mainly to larger crops in China and India, although the increases in these countries are partly offset by a substantial decrease in Egypt and estimates of minor decreases in Mexico and Brazil.

United States

The December 1 estimate indicated a total crop of 12,727,000 bales of 478 pounds net or 500 pounds gross, which was 780,000 bales more than was forecast a month earlier, but still 4,369,000 bales, or 26 per cent less than last year's production, and the smallest since 1923. The increase from the previous month was due in part to larger yields being realized in the major States than had been expected and in part to an increase in the estimated acreage in nearly all States. The new acreage estimate placed the harvested area at almost 1,000,000 acres or 2.7 per cent more than the earlier estimate. The estimate of 37,589,000 acres is still 7.6 per cent less than the 1931 acreage, 16.6 per cent less than 1930 and 20.2 per cent below the record acreage of 1926.

China

The Chinese crop is still expected to be something like 35 per cent larger than last year which, on the basis of 1,700,000 bales of 478 pounds for last year, gives a production this season of about 2,300,000 bales. This compares with a 5-year average production of about 2,081,000 bales. The short crop last season was due to reduced yields caused by flood damage. The yield per acre in 1931 was 169 pounds compared with 206 pounds in 1930-31, and was the lowest since 1921-22.

Egypt

The second official estimate of the Egyptian cotton crop released December 4, placed the production at 870,000 bales of 478 pounds, which is practically the same as the first estimate made in early October, and is 418,000 bales or 32 per cent less than the 1931-32 crop, and the smallest for more than 35 years. The total production as now estimated is 51 per cent or 898,000 bales less than the record crop of 1929-30.

Total ginnings of Egyptian cotton up to December 1 has been reported at 537,000 bales of 478 pounds, or 23 per cent less than ginnings to the same date last season. Ginnings of Sakellaridis were 15 per cent less, and other varieties 25 per cent, whereas the estimate of production for the season is 32 per cent less than last season for the total crop, 18 per cent less in the case of Sakellaridis, and 36 per cent less for all other varieties.

Russia

Information received on the Russian crop up to early December indicated that production this season might fall even below the estimate made by the Bureau of Agricultural Economics, which was only slightly larger than the 1931-32 crop. Picking during November was said to have been hampered by unfavorable weather conditions, dissatisfaction among the peasants, and poor organization of labor. Consequently only 68.5 per cent of the planned procurings had been delivered up to November 25, whereas the schedule called for an execution of 92 per cent of the plan by that date. With the plan calling

for an execution of 92 per cent of the plan by that date. With the plan calling for total deliveries of 1,450,000 tons of unginned cotton, or about 2,000,000 to 2,200,000 bales of 478 pounds, depending on the percentage of lint, the actual procurings to November 25 were in the neighborhood of 1,375,000 to 1,500,000 bales of 478 pounds.

India

The December estimate of the Indian cotton crop released by the Department of Statistics at Calcutta was much less than was expected from early indications although the early estimate was on the basis of a slightly larger acreage than is now reported. The official estimate based on acreage and conditions as of December 1 indicated a crop of 3,542,000 bales of 478 pounds, an increase of only 141,000 bales or 4 per cent over the unusually small crop of last season. The estimated yield per acre was 8 per cent below average whereas estimates of the members of the trade in Bombay indicate a yield more nearly normal, in contrast with a yield last year of 22 per cent below average and the smallest since 1920-21. While the Bombay cotton trade agrees that this year's crop is considerably below average their estimates show increases over 1931-32 ranging between 500,000 and 700,000 bales of 478 pounds, and some indicate even larger increases. In view of all the information now on hand, it seems likely that the estimate made by this Bureau a short time ago is too high and that a figure of 4,000,000 bales or 200,000 bales below the earlier figure is justifiable. This is 600,000 bales above the official estimate for last year but about 500,000 bales below the 5-year average (1926-27 to 1930-31). Receipts and ginnings figures for the early weeks of the season were well above last year, but at this time of year they represent too small a percentage of the crop to furnish a satisfactory basis in themselves of production changes. Also it should be observed that although the December forecast is at times as large or larger than the final estimate it is more frequently below the final figure. If official estimates continue to indicate as small a crop as they do at present and should later developments corroborate the official figure, the estimate of this Bureau will again be reduced. In view of the conflicting evidence at present and the frequent increases in the final official figures for the Indian cotton crop it seems undesirable to accept the very low official figure at this time. In any case, however, it seems clear that the Indian cotton crop is well below average and if it proves to be as small as officially forecast it will be very short, especially in view of the reduced world carry-over of Indian cotton.

An additional feature of the reports on this year's Indian cotton crop is the small quantity and low quality of the longer staple Indian cottons. Since these are the cottons that compete more directly with cotton from the United States this means that foreign mills will be more dependent upon American cotton than even the small size of the Indian crop would indicate.

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